

Village of Morrisville, Vermont

FINANCIAL STATEMENTS

December 31, 2019

Village of Morrisville, Vermont
FINANCIAL STATEMENTS
December 31, 2019

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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Morrisville, Vermont
Morrisville, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Morrisville, Vermont, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village'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. 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, the business-type activities and each major fund of the Village of Morrisville, Vermont, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 on page 38, schedule of proportionate share of the net pension liability on page 39, and schedule of contributions on page 40 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 Village of Morrisville, Vermont's basic financial statements. The Schedules of Operations, Maintenance and General Expenses – Electric Fund, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Operations, Maintenance and General Expenses – Electric 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 Schedules of Operations, Maintenance and General Expenses – Electric Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Kittell Branagan - Supt

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

This section of the Village of Morrisville Water & Light Department's (MWL) annual financial report presents management's discussion and analysis of the Department's financial performance for the years ended on December 31, 2019 and 2018. Please read it in conjunction with the financial statements that follow this section.

Overview of the Financial Statements

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

Village-wide financial statements. The village-wide financial statements are designed to provide the reader with a broad overview of the Village's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on the Village'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 Village is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the Village's net position changed during the 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 the 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 receivables or earned but unused vacation leave).

The *statement of cash flows* presents information relating to the actual sources of cash generated by the Village during the fiscal year and how that cash was used. This statement is segregated by cash flows from operating, investing and financing activities.

The *notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting further detail of some of the data summarized in the basic financial statements.

Both of the village-wide financial statements distinguish functions of the Village of Morrisville that are principally supported by taxes (*governmental activities*) from other functions that are intended to recover its costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Morrisville are very small in scope and primarily provide support for the office of the Village Clerk-Treasurer and an occasional special Village project. The business-type activities of the Village of Morrisville include electric, water and wastewater operations.

The village-wide financial statements are designed to include not only the Village of Morrisville itself (*known as the primary government*), but also any legally separate entities for which the Village of Morrisville is financially accountable (*known as component units*). The Village of Morrisville has no such entities that qualify as component units.

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 Village, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Morrisville can be divided into two categories: governmental funds and proprietary funds.

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the village-wide financial statements. However, unlike the village-wide financial statements, governmental fund accounting financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources at the end of the fiscal period. Such information may be useful in evaluating the Village's near-term financing requirements.

The focus of the governmental funds is narrower than that of the village-wide financial statements. Therefore, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the in the village-wide financial statements. By doing this, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliation between the governmental funds and governmental activities.

The Village of Morrisville adopts an annual budget for its general fund. A budgetary comparison statement has been provided as required supplementary information.

Proprietary funds. The Village maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the village-wide financial statements. The Village is engaged in three business-type activities, i.e. production and distribution of electricity, water distribution and the collection and treatment of wastewater. Each activity is accounted for as separate funds known as *enterprise funds*.

Proprietary funds provide the same type of information as the village-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Electric Fund, Water Fund and Wastewater Fund.

Financial Highlights

In order to operate at maximum efficiency certain personnel, materials and equipment are shared among the three enterprise funds. Costs for these items are allocated among the operating areas as fairly as reasonably possible. Settlement of shared costs is completed within normal payment cycles.

Village-wide Financial Statements

A summary of the Village's net position at December 31, 2019 is shown below:

	<i>Governmental Activities</i>	<i>Business Activities</i>	<i>Total</i>
Current assets	\$ 1,539	\$ 5,694,528	\$ 5,696,067
Capital Assets, net	-	25,199,761	25,199,761
Relicensing Costs	-	1,069,710	1,069,710
Restricted cash	5,892	396,747	402,639
Other Non Current Assets	-	4,540,720	4,540,720
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 7,431</u>	<u>\$ 36,901,466</u>	<u>\$ 36,908,897</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

	<i>Governmental Activities</i>	<i>Business Activities</i>	<i>Total</i>
Deferred Outflows of Resources	\$ -	\$ 214,166	\$ 214,166
Current liabilities	-	1,323,503	1,323,503
Long-term liabilities	-	7,760,444	7,760,444
Total liabilities	-	9,083,947	9,083,947
Deferred Inflows of Resources	-	192,493	192,493
Net Position			
Board designated	-	17,373,416	17,373,416
Restricted	5,892	1,359,897	1,365,789
Unrestricted	1,539	9,105,829	9,107,368
Total Net Position	\$ 7,431	\$ 27,839,142	\$ 27,846,573

A summary of the Village's revenue and expenses is shown below:

	<i>Governmental Activities</i>	<i>Business Activities</i>	<i>Total</i>
Property taxes	\$ 16,785	\$ -	\$ 16,785
Sales & other oper. revenues	128	8,876,932	8,877,060
Total Revenues	16,913	8,876,932	8,893,845
Operating expenses	16,792	8,874,896	8,891,688
Operating income (loss)	121	2,036	2,157
Non-operating income (expense)	-	950,615	950,615
Net Position	\$ 121	\$ 952,651	\$ 952,772

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Electric Department. The net position of the department increased during 2019 by \$ 705,719. A summary of the Electric Department's revenue and expenses is shown below:

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Sales & other operating revenues	\$ 7,176,328	\$ 7,198,139	-0.30%
Operating expenses	<u>7,362,661</u>	<u>6,995,532</u>	<u>5.25%</u>
Operating income (loss)	(186,333)	202,607	-191.97%
Non-operating income (expense)	<u>892,052</u>	<u>765,772</u>	<u>16.49%</u>
 Net position	 <u>\$ 705,719</u>	 <u>\$ 968,379</u>	 <u>-27.12%</u>

As noted earlier the net position may serve over time as a useful indicator of the Department's financial position. At the end of 2019, the Department's assets exceeded liabilities by \$18,248,510. A summary of the Department's net position is shown below:

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Utility plant & equipment	\$ 11,657,912	\$ 11,397,842	2.28%
Relicensing Costs	1,069,710	1,015,345	5.35%
Current assets	3,634,369	3,486,018	4.26%
Restricted cash	396,747	472,383	-16.01%
Other Non-Current Assets	4,531,076	5,344,222	-15.22%
Deferred Outflows of Resources	<u>185,126</u>	<u>193,711</u>	<u>-4.43%</u>
 Total Assets and Deferred Outflows	 <u>\$ 21,474,940</u>	 <u>\$ 21,909,521</u>	 <u>-1.98%</u>
 Long-term Liabilities	 \$ 2,124,525	 \$ 2,300,095	 -7.63%
Current Liabilities	926,794	886,654	4.53%
Deferred Inflows of Resources	<u>175,111</u>	<u>164,636</u>	<u>6.36%</u>
 Total liabilities and Deferred Inflows	 <u>\$ 3,226,430</u>	 <u>\$ 3,351,385</u>	 <u>-3.73%</u>
 Net Position			
Restricted	\$ 630,836	\$ 639,374	-1.34%
Unreserved	<u>17,617,674</u>	<u>16,903,417</u>	<u>4.23%</u>
 Total net position	 <u>\$ 18,248,510</u>	 <u>\$ 17,542,791</u>	 <u>4.02%</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Water Department. The net position of the Water Department increased \$184,329. A summary of the Water Department's revenue and expenses is shown below:

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Sales & other operating revenues	\$ 602,366	\$ 609,283	-1.14%
Operating expenses	<u>541,931</u>	<u>520,130</u>	<u>4.19%</u>
Operating income (loss)	60,435	89,153	-32.21%
Non-operating income (expense)	<u>123,894</u>	<u>10,541</u>	<u>1075.35%</u>
 Net Position	 <u>\$ 184,329</u>	 <u>\$ 99,694</u>	 <u>84.89%</u>

At the end of 2019, the Department's assets exceeded liabilities by \$3,837,918. A summary of the Department's net position is shown below:

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Utility plant & equipment	\$ 5,022,028	\$ 5,071,572	-0.98%
Current assets	710,135	607,060	16.98%
Other Non-Current Assets	9,644	11,554	-16.53%
Deferred Outflows of Resources	<u>15,424</u>	<u>16,682</u>	<u>-7.54%</u>
 Total Assets and Deferred Outflows	 <u>\$ 5,757,231</u>	 <u>\$ 5,706,868</u>	 <u>0.88%</u>
 Long-term Liabilities	 \$ 1,750,358	 \$ 1,886,154	 -7.20%
Current Liabilities	161,655	160,757	0.56%
Deferred Inflows of Resources	<u>7,300</u>	<u>6,369</u>	<u>14.62%</u>
 Total liabilities and Deferred Inflows	 <u>\$ 1,919,313</u>	 <u>\$ 2,053,280</u>	 <u>-6.52%</u>
 Net Position			
Restricted	\$ 31,284	\$ 31,284	0.00%
Unreserved	<u>3,806,634</u>	<u>3,622,304</u>	<u>5.09%</u>
 Total net position	 <u>\$ 3,837,918</u>	 <u>\$ 3,653,588</u>	 <u>5.05%</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Wastewater Department. The net position of the Wastewater Department increased \$62,603 in 2019. A summary of the Wastewater Department's revenues and expenses are shown below:

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Sales & other operating revenues	\$ 1,098,238	\$ 1,097,119	0.10%
Operating expenses	<u>970,304</u>	<u>919,875</u>	<u>5.48%</u>
Operating income (loss)	127,934	177,244	-27.82%
Non-operating income (expense)	<u>(65,331)</u>	<u>(107,711)</u>	<u>39.35%</u>
Net position	<u>\$ 62,603</u>	<u>\$ 69,533</u>	<u>-9.97%</u>

At the end of 2019, the Department's assets exceeded liabilities by \$5,752,714. A summary of the Department's net position is shown below:

	<u>2019</u>	<u>2018</u>	<u>% Change</u>
Utility plant & equipment	\$ 8,519,821	\$ 8,689,223	-1.95%
Current assets	1,350,024	1,274,238	5.95%
Deferred Outflows of Resources	<u>13,566</u>	<u>12,998</u>	<u>4.37%</u>
Total Assets and Deferred Outflows	<u>\$ 9,883,411</u>	<u>\$ 9,976,459</u>	<u>-0.93%</u>
Long-term Liabilities	\$ 3,857,062	\$ 4,051,135	-4.79%
Current Liabilities	235,053	228,087	3.05%
Deferred Inflows of Resources	<u>10,082</u>	<u>7,126</u>	<u>41.48%</u>
Total liabilities and Deferred Inflows	<u>\$ 4,102,197</u>	<u>\$ 4,286,348</u>	<u>-4.30%</u>
Net Position			
Restricted	\$ 697,777	\$ 593,176	17.63%
Unreserved	<u>5,054,937</u>	<u>5,096,935</u>	<u>-0.82%</u>
Total net position	<u>\$ 5,752,714</u>	<u>\$ 5,690,111</u>	<u>1.10%</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Financial Analysis

Electric Department. The Electric Department recorded a net position of \$705,719 during 2019 (vs. a net position of \$968,379 in 2018). Total revenues were down just slightly (-.65%) in 2019; however, total operating expenses increased just over 5%. Electric sales revenues were down due to decreased kWh sales because of the mild winter/summer; however, miscellaneous revenue was up due to increased tree trimming billing to other party attached to our poles. The total active number of net metering customers rose to 100 in 2019 from 88 in 2018. Total operating expenses increased just over 5%. The majority of this increase is due to purchased power costs, which saw a large decrease in the renewable energy credits (REC) due to lower REC prices in 2019. The annual GASB 68 pension liability expense increased \$22,000 over the 2018 costs. In addition, property tax increased \$30,000 because of the state formula and changes in how they allow us to depreciate our property values.

In 2019, additions to assets totaled just over \$300k and included costs to replace some transmission poles, installing elbow arrestors, the purchase of a puller tensioner and reel trailer, and other small miscellaneous projects.

Water Department. The Water Department earned a net position of \$184,329 during 2019 (vs. a net position of \$99,694 in 2018). While our overall customer count increased, operating revenues were down slightly due to a decrease in our industrial water usage revenue and miscellaneous customer charges. In addition, expenses increased due to charges related to the preparation and legal costs associated with the Trombley Hill Solar project. This project went online in 2019 and the Water Department will be receiving land lease payments annually for 25 years from the project developer. This is all offset by the increase in non-operating income due to the lease payments as well as the sale of Trombley Hill lot #1.

The Water Department added approximately \$145k in asset additions in 2019, which included replacing/upgrading the water line on Paine Avenue and installing a hydrant in Pinewood Estates.

Wastewater Department. The Wastewater Department's net position during 2019 was approximately \$63,000 (vs. a net position of \$70,000 in 2018). Operating revenues were right in line with 2018 revenues. As noted above, residential customers increased; however, the flow from industrial customers decreased. Operating expenses increased approximately \$50k. In 2019; we spent time and dollars on consultants as we continued our efforts of sampling/testing to determine sources of high biochemical oxygen demand (BOD) levels throughout our system, as well as implementing new sewer ordinances and a new rate structure for high strength billing. We also saw an increase in expense as we worked to isolate a sewer line from the stormwater system. Offsetting the increase in expense was an increase in other operating income due to an increase in sewer allocation fees collected.

The Wastewater Department had approximately \$150k in asset additions in 2019, which included a sewer line relocation on Park Street, upgrades to manholes throughout the system, a new generator for the pump station, and re-lining (replacing) the sewer line on Main Street.

Economic Factors and Next Year's (2020) Budgets and Rates. At this time, we do not anticipate a need for a rate increase in any of the Departments for 2020.

Power supply costs represent approximately 65% of our electric expenses and are the greatest variable in the overall performance of the Electric Department. In 2020, we do expect to see a decrease in power costs due to an accounting transaction which occurred to pay for the 115 kV line over the past 10 years. Current projections show future power costs increasing just under 2% over the next four years and is due mostly to transmission costs.

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

For the Electric Department, it is anticipated that our capital budget for 2020 will have continued focus on increasing the capacity of Substation #3, improving system reliability by installing circuit breakers at Substation #5, and continuing to replace transmission poles that have reached the end of their useful life. In addition, we will be researching the feasibility of installing smart meters throughout our system within the next few years.

We have been working on renewing our hydro license with the Federal Energy Regulatory Commission (FERC) for the operation of our hydro plants since 2010. Our current license expired in April 2015. In August of 2016, the VT Agency of Natural Resources (ANR) issued a Water Quality Certification (WQC) for our hydro. The WQC contains overly stringent conditions that MW&L believe will make one of its hydro plants uneconomic to operate while significantly reducing the value of its other two plants. We filed an appeal of the conditions in the WQC to the VT Environmental Court in September 2016. We hired legal counsel to represent our interests in this disagreement and environmental consultants to conduct additional studies. We went to trial in April 2019 at the Environmental Division of Superior Court (EC). We received an overall favorable decision from the EC. The ANR appealed the decision to the Vermont Supreme Court. The Supreme Court overturned the EC's decision and remanded parts of the Water Quality Certificate back to EC. We will continue to work through this process in 2020. The conditions of the proposed WQC have put the viability of generating at Green River at risk, and we will be working with lawyers in 2020 to determine a path forward. We continue to operate under our existing license.

Because of the uncertainty of the WQC, our investment in hydro will be limited in 2020. We plan to finish the installation of a rack raker at the Cady's Falls plant. We are going to complete the engineering design for the automation of the Morrisville hydro plant. We expect to install a river gauge on the Lamoille River at the new Tenney Bridge on Route 15A.

We are continuing efforts to sell non-performing property assets. In 2019, we finalized the sale of Lot #1 of the Trombley property lots. In addition, we have a purchase and sale agreement on the Gristmill building that involves the relocation of the building to a new location away from the hydro dam. The sale is pending the renewal of our hydro license as described above. We hope to be able to receive FERC approval to make a project boundary change to complete the sale in 2020 or 2021.

The Water Department is looking to add a water line to loop Fairwood Parkway in 2020, to complete the installation of the chemical applications at Well #2, and do maintenance work on the 1.5-million-gallon reservoir that was not accomplished in 2019. The Sewer Department will be looking to replace an aging ejector pump station on Bridge Street and install a lining sleeve into the sewer lines on Copley Avenue and Upper Main. This process was used in 2019 and was very successful. In addition, we plan to complete a system expansion study to be able to forecast future capital needs, as well as continuous sampling of BOD strength across the sewer system.

Requests for Information. This financial report is designed to provide a general overview of the Village of Morrisville's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller of the Morrisville Water and Light Department, 857 Elmore Street, Morrisville, VT 05661. (802) 888-3348.

Craig Myotte, General Manager
Morrisville Water & Light Dept.

Penny Jones, Controller
Morrisville Water & Light Dept.

Sara Haskins, Clerk-Treasurer
Village of Morrisville

Village of Morrisville, Vermont
VILLAGE-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS:			
Cash	\$ 1,539	\$ 3,690,954	\$ 3,692,493
Accounts receivable, net	-	634,820	634,820
Notes receivable	-	106,725	106,725
Other receivables	-	156,017	156,017
Unbilled revenues	-	469,892	469,892
Inventories	-	293,125	293,125
Prepaid expenses	-	233,773	233,773
Other current assets	-	109,222	109,222
TOTAL CURRENT ASSETS	1,539	5,694,528	5,696,067
NON-CURRENT ASSETS			
Construction surcharge receivable	-	9,644	9,644
Restricted cash	5,892	396,747	402,639
Investments	-	4,531,076	4,531,076
Relicensing costs	-	1,069,710	1,069,710
Capital assets, net	-	25,199,761	25,199,761
TOTAL NON-CURRENT ASSETS	5,892	31,206,938	31,212,830
TOTAL ASSETS	7,431	36,901,466	36,908,897
DEFERRED OUTFLOWS OF RESOURCES	-	214,116	214,116
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 7,431	\$ 37,115,582	\$ 37,123,013
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ 431,947	\$ 431,947
Due to other funds	-	140,465	140,465
Accrued interest payable	-	71,676	71,676
Accrued expenses	-	144,291	144,291
Deferred revenues	-	2,083	2,083
Current portion bonds & notes payable	-	533,041	533,041
TOTAL CURRENT LIABILITIES	-	1,323,503	1,323,503
LONG-TERM LIABILITIES			
Net pension liability	-	467,140	467,140
Bonds & notes payable	-	7,293,304	7,293,304
TOTAL LONG-TERM LIABILITIES	-	7,760,444	7,760,444
TOTAL LIABILITIES	-	9,083,947	9,083,947
DEFERRED INFLOWS OF RESOURCES			
VMERS pension	-	17,463	17,463
Customer deposits	-	175,030	175,030
TOTAL DEFERRED INFLOWS OF RESOURCES	-	192,493	192,493
NET POSITION			
Net invested in capital assets	-	17,373,416	17,373,416
Restricted	5,892	1,359,897	1,365,789
Unrestricted	1,539	9,105,829	9,107,368
TOTAL NET POSITION	7,431	27,839,142	27,846,573
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 7,431	\$ 37,115,582	\$ 37,123,013

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
VILLAGE-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

<u>Functions/Programs</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental activities	\$ 16,792	\$ -	\$ -	\$ (16,792)	\$ -	\$ (16,792)
Business-type activities:						
Electric	7,395,167	7,208,834	-	-	(186,333)	(186,333)
Water	541,931	602,366	-	-	60,435	60,435
Wastewater	970,304	1,098,238	-	-	127,934	127,934
Total business-type activities	<u>\$ 8,907,402</u>	<u>\$ 8,909,438</u>	<u>\$ -</u>	<u>-</u>	<u>2,036</u>	<u>2,036</u>
General revenues and expenses:						
Property taxes				16,785	-	16,785
Interest income				2	978,984	978,986
Interest expense				-	(317,079)	(317,079)
Loss on disposal of asset				-	(193)	(193)
Miscellaneous income				126	288,903	289,029
Total general revenues and expenses				<u>16,913</u>	<u>950,615</u>	<u>967,528</u>
Change in Net Position				121	952,651	952,772
Net Position, beginning of year				<u>7,310</u>	<u>26,886,491</u>	<u>26,893,801</u>
Net Position, end of year				<u>\$ 7,431</u>	<u>\$ 27,839,142</u>	<u>\$ 27,846,573</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2019

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash	\$ 1,539	\$ 1,539
Restricted Cash	<u>5,892</u>	<u>5,892</u>
TOTAL ASSETS	<u>\$ 7,431</u>	<u>\$ 7,431</u>
FUND BALANCE		
Restricted	\$ 5,892	\$ 5,892
Unassigned	<u>1,539</u>	<u>1,539</u>
TOTAL FUND BALANCE	<u>7,431</u>	<u>7,431</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,431</u>	<u>\$ 7,431</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2019

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Property taxes	\$ 16,785	\$ 16,785
Miscellaneous	126	126
Interest	<u>2</u>	<u>2</u>
TOTAL REVENUES	16,913	16,913
EXPENDITURES		
General government	<u>16,792</u>	<u>16,792</u>
NET CHANGE IN FUND BALANCE	121	121
FUND BALANCE, BEGINNING OF YEAR	<u>7,310</u>	<u>7,310</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 7,431</u></u>	<u><u>\$ 7,431</u></u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 December 31, 2019

ASSETS AND DEFERRED OUTFLOWS

	Enterprise Funds			Totals
	Electric Fund	Water Fund	Wastewater Fund	
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash	\$ 1,996,156	486,253	\$ 1,208,545	\$ 3,690,954
Accounts receivable, net	539,256	34,011	61,553	634,820
Notes receivable	-	106,725	-	106,725
Other receivables	135,462	9,923	10,632	156,017
Unbilled revenues	365,927	35,270	68,695	469,892
Inventories	264,506	28,619	-	293,125
Prepaid expenses	224,439	9,334	-	233,773
Other current assets	108,623	-	599	109,222
TOTAL CURRENT ASSETS	3,634,369	710,135	1,350,024	5,694,528
NON-CURRENT ASSETS				
Construction surcharge receivable	-	9,644	-	9,644
Restricted cash	396,747	-	-	396,747
Investments	4,531,076	-	-	4,531,076
Relicensing costs	1,069,710	-	-	1,069,710
Capital assets, net	11,657,912	5,022,028	8,519,821	25,199,761
TOTAL NON-CURRENT ASSETS	17,655,445	5,031,672	8,519,821	31,206,938
TOTAL ASSETS	21,289,814	5,741,807	9,869,845	36,901,466
DEFERRED OUTFLOWS OF RESOURCES	185,126	15,424	13,566	214,116
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 21,474,940	\$ 5,757,231	\$ 9,883,411	\$ 37,115,582
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 409,559	\$ 8,030	\$ 14,358	\$ 431,947
Due to / (from) other funds	141,833	2,249	(3,617)	140,465
Accrued interest payable	7,708	9,898	54,070	71,676
Accrued expenses	144,291	-	-	144,291
Deferred revenues	-	2,083	-	2,083
Current portion bonds & notes payable	223,403	139,395	170,243	533,041
TOTAL CURRENT LIABILITIES	926,794	161,655	235,054	1,323,503
LONG-TERM LIABILITIES				
Net pension liability	402,002	36,639	28,499	467,140
Bonds & notes payable	1,722,523	1,713,719	3,857,062	7,293,304
TOTAL LONG-TERM LIABILITIES	2,124,525	1,750,358	3,885,561	7,760,444
TOTAL LIABILITIES	3,051,319	1,912,013	4,120,615	9,083,947
DEFERRED INFLOWS OF RESOURCES				
VMERS pension	15,099	1,258	1,106	17,463
Customer deposits	160,012	6,042	8,976	175,030
TOTAL DEFERRED INFLOWS OF RESOURCES	175,111	7,300	10,082	192,493
NET POSITION				
Net invested in capital assets	15,709,519	3,178,558	4,492,516	23,380,593
Restricted	630,836	31,284	697,777	1,359,897
Unrestricted	1,908,155	628,076	562,421	3,098,652
TOTAL NET POSITION	18,248,510	3,837,918	5,752,714	27,839,142
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 21,474,940	\$ 5,757,231	\$ 9,883,411	\$ 37,115,582

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Enterprise Funds			
	Electric	Water	Wastewater	Total
OPERATING REVENUE				
Charges for Services	\$ 7,035,869	\$ 599,118	\$ 1,095,780	\$ 8,730,767
Other Operating Revenue	<u>172,965</u>	<u>3,248</u>	<u>2,458</u>	<u>178,671</u>
TOTAL OPERATING REVENUE	<u>7,208,834</u>	<u>602,366</u>	<u>1,098,238</u>	<u>8,909,438</u>
OPERATING EXPENSES				
Production	4,656,988	92,464	467,102	5,216,554
Transmission	39,510	-	-	39,510
Distribution	531,668	83,326	-	614,994
Customer Account Expenses	300,666	17,763	33,785	352,214
Administrative & General	942,459	119,908	131,566	1,193,933
Depreciation Expense	553,621	203,734	337,851	1,095,206
Taxes	<u>370,255</u>	<u>24,736</u>	<u>-</u>	<u>394,991</u>
TOTAL OPERATING EXPENSES	<u>7,395,167</u>	<u>541,931</u>	<u>970,304</u>	<u>8,907,402</u>
INCOME (LOSS) FROM OPERATIONS	<u>(186,333)</u>	<u>60,435</u>	<u>127,934</u>	<u>2,036</u>
NON-OPERATING REVENUE (EXPENSE)				
Investment Income	121,189	-	-	121,189
Gain(Loss) on Disposal of Assets	(193)	-	-	(193)
Rental Income	-	71,087	-	71,087
Interest and Dividend Income	860,219	108,217	10,548	978,984
Interest Expense	(89,163)	(55,410)	(172,506)	(317,079)
Reserve Allocation Fees	<u>-</u>	<u>-</u>	<u>96,627</u>	<u>96,627</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>892,052</u>	<u>123,894</u>	<u>(65,331)</u>	<u>950,615</u>
INCREASE IN NET POSITION	705,719	184,329	62,603	952,651
NET POSITION, BEGINNING OF YEAR	<u>17,542,791</u>	<u>3,653,589</u>	<u>5,690,111</u>	<u>26,886,491</u>
NET POSITION, END OF YEAR	<u>\$ 18,248,510</u>	<u>\$ 3,837,918</u>	<u>\$ 5,752,714</u>	<u>\$ 27,839,142</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	Business-Type Activities			Total
	Electric	Water	Wastewater	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 7,172,721	\$ 546,140	\$ 1,091,351	\$ 8,810,212
Cash payments to suppliers for purchased power, materials and services	(5,781,883)	(266,106)	(564,644)	(6,612,633)
Cash payments to employees	(1,019,856)	(84,973)	(74,734)	(1,179,563)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>370,982</u>	<u>195,061</u>	<u>451,973</u>	<u>1,018,016</u>
CASH FLOWS FROM NON-CAPITAL FINANCING AND NON-OPERATING ACTIVITIES				
Receipts of other income	121,189	71,086	96,627	288,902
Change in due to/from other funds	(10,669)	10,348	3,512	3,191
NET CASH PROVIDED BY NON-CAPITAL FINANCING AND NON-OPERATING ACTIVITIES	<u>110,520</u>	<u>81,434</u>	<u>100,139</u>	<u>292,093</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions and construction of capital projects	(813,778)	(151,633)	(157,349)	(1,122,760)
Relicensing costs	(54,366)	-	-	(54,366)
Net change in restricted cash	75,636	-	-	75,636
Principal payments on long-term debt	(224,779)	(139,157)	(166,235)	(530,171)
Interest paid	(86,721)	(54,272)	(173,159)	(314,152)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,104,008)</u>	<u>(345,062)</u>	<u>(496,743)</u>	<u>(1,945,813)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of additional investments	(202,199)	-	-	(202,199)
Receipt of interest and dividends	860,219	108,217	10,548	978,984
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>658,020</u>	<u>108,217</u>	<u>10,548</u>	<u>776,785</u>
NET INCREASE IN CASH	35,514	39,650	65,917	141,081
CASH - BEGINNING OF YEAR	<u>1,960,642</u>	<u>446,603</u>	<u>1,142,628</u>	<u>3,549,873</u>
CASH - END OF YEAR	<u>\$ 1,996,156</u>	<u>\$ 486,253</u>	<u>\$ 1,208,545</u>	<u>\$ 3,690,954</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Business-Type Activities			
	Electric	Water	Wastewater	Total
Reconciliation of operating income (loss) to net cash Provided (used) by operating activities				
Operating income (loss)	\$ (186,333)	\$ 60,435	\$ 127,934	\$ 2,036
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	553,621	203,734	337,851	1,095,206
Gain/(Loss) on Disposal of Assets	(193)	-	-	(193)
(Increase)Decrease in:				
Receivables, net	(42,961)	(10,358)	(11,830)	(65,149)
Notes receivable	-	(51,611)	-	(51,611)
Unbilled revenues	(6,469)	532	1,889	(4,048)
Inventories	(1,798)	(2,843)	-	(4,641)
Prepaid expenses	(47,809)	855	79	(46,875)
Other current assets	(13,801)	-	(7)	(13,808)
Construction surcharge receivable	-	1,910	-	1,910
Deferred outflows	8,585	1,258	(568)	9,275
Increase(Decrease) in:				
Accounts payable	69,076	(12,810)	172	56,438
Accrued expenses	(19,407)	-	-	(19,407)
Deferred revenues	-	2,083	-	2,083
Deferred inflows	(2,842)	(2,842)	(11,198)	(16,882)
Net pension liability	47,996	3,500	4,597	56,093
Customer deposits	13,317	1,218	3,054	17,589
Net cash provided by operating activities	<u>\$ 370,982</u>	<u>\$ 195,061</u>	<u>\$ 451,973</u>	<u>\$ 1,018,016</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
December 31, 2019

	<u>Amy Wade Trust Fund</u>
<u>ASSETS</u>	
Due from other funds	<u>\$ 140,465</u>
TOTAL ASSETS	<u><u>\$ 140,465</u></u>
<u>LIABILITIES AND NET POSITION</u>	
NET POSITION	<u>\$ 140,465</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 140,465</u></u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
 For the Year Ended December 31, 2019

	<u>Amy Wade Trust Fund</u>
ADDITIONS	
Investment income	<u>\$ 3,191</u>
TOTAL ADDITIONS	<u>3,191</u>
CHANGE IN NET POSITION	3,191
NET POSITION, BEGINNING OF YEAR	<u>137,274</u>
NET POSITION, END OF YEAR	<u><u>\$ 140,465</u></u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Morrisville, Vermont was incorporated in 1888 under the laws of the State of Vermont. The Village uses the Trustee-Treasurer form of government and provides the following services; electric, water, wastewater, and general administrative services. Public education services are provided by an independent Village School District.

The Electric Department of the Village of Morrisville, Vermont is subject to the regulatory authority of the Vermont Public Service Board (VPSB) and the Federal Energy Regulatory Commission (FERC), with respect to the Department's accounting records, rates, and operations. The accounting policies of the Department conform to accounting principles generally accepted in the United States of America, as applied to the case of regulated public utilities, and are in accordance with the accounting requirements and rate-making practices of the regulatory authority having jurisdiction.

A description of the significant accounting policies follows.

A. Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility.

The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities.

B. Village-wide and Fund Financial Statements

The village-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on both the governmental and business-type activities of the Village. For the most part, the effect of inter-fund activity has been removed from these statements. Fiduciary funds are not included in the Village-Wide financial statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports the electric fund, water fund and wastewater funds as major proprietary fund types.

Fiduciary funds consist of the Amy Wade Trust Fund to be used for the beautification of village streets and properties.

C. Measurement focus, basis of accounting, and financial statement presentation

The Village-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Village receives cash.

The Village's proprietary funds are accounted for using the economic resources measurement focus. Accordingly, these funds report all assets and liabilities on their balance sheets. These funds use the accrual basis of accounting. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable. The electric, water and wastewater funds bill for services on a monthly basis and accounts for that revenue when billed. This billing method does not capture all amounts receivable by the Village at the end of each fiscal year. The unbilled amounts for usage from the last billing period to the end of the year are accrued in the Electric Department. Unbilled revenues are not significant for the Water and Wastewater Funds.

The Village's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's electric, water and wastewater fund consists of charges for services (including connection fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The expendable trust fund is accounted for in essentially the same manner as the governmental funds, using the same measurement focus and basis of accounting. The nonexpendable trust funds are accounted for in essentially the same manner as the proprietary funds.

D. Budgetary Accounting

The Village approves the budget for the general fund at the annual Village meeting. The tax rate is determined by the trustees, based on the budget, other appropriations and the amount of the grand list. Formal budgetary accounting is employed as a management control device during the year for the general fund.

E. Estimated unbilled revenues

The Village records in the electric, water, and sewer fund, an estimate of unbilled revenues for services rendered through the end of the year.

F. Inventories

Inventories, composed of various parts used in the utility systems, are stated at the lower of cost or market using the average cost method.

G. Cash

The cash deposits in the Village's accounts as of December 31, 2019 consisted of the following:

	Book Balance	Bank Balance
Insured (FDIC)	\$ 262,075	\$ 262,075
Loan offset	1,407,383	1,407,383
Collateralized by securities in bank's name	2,425,674	2,860,390
TOTAL	\$ 4,095,132	\$ 4,529,848

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30 – 50
Infrastructure	30 – 50
Water and Sewer System	30 – 50
Machinery and Equipment	3 – 10

The Village has elected to report infrastructure prospectively as allowed under GASB 34. Therefore, infrastructure only includes expenditures capitalized beginning January 1, 2003.

I. Investment

The Village owns 1,870 shares of Class B common stock, 369 shares of Class C common and 1,004 shares of Class C preferred stock in the Vermont Electric Power Company. The investment is accounted for at cost less annual return of capital payments received. The cost at December 31, 2019 is \$221,130.

The Village owns 145,380 Class A units and 185,029 Class B units in Vermont Transco, LLC recorded at a cost of \$3,304,090. The Village also owns 100,585 units in Vermont Transco, LLC which are held by VPPSA for the benefit of the Village and recorded at a cost of \$1,005,856.

The Village’s investment policy is to invest primarily in cash and CD’s. Other investments are used only for investments related to purchased power cost.

J. Fund equity

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts that can be spent only for specific purposes because of laws, regulations or externally imposed conditions by grantors or creditors.

Unassigned – All amounts not included in any other classification

When both restricted and unassigned resources are available for use, it is the Village’s policy to use restricted resources first, then unassigned resources as needed.

K. Interfund charges

The Electric Department shares common personnel, office facilities and equipment with the Water and Wastewater Departments. Management represents that the costs shared with these departments are reasonable. Shared costs are billed and paid within normal payment cycles.

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Compensated Absences

Village employees are entitled to vacation leave based upon the length of employment. Earned, but unused, vacation leave is paid upon retirement or termination of employment. Vacation amounting to \$28,706 has been accrued as of December 31, 2019.

N. Property Taxes

Property taxes collected by the Village are due in one installment to the Treasurer on or before November 15th.

NOTE 2 INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual Fund Interfund Receivable and Payable balances are as follows at December 31, 2019:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Trust Fund	\$ 140,465	\$ -
Electric Fund	-	141,833
Water Fund	-	2,249
Wastewater Fund	-	<u>(3,617)</u>
TOTAL	<u>\$ 140,465</u>	<u>\$ 140,465</u>

The Village generally maintains one cash account in the Electric Fund to pay expenditures and receive payments for efficiency. All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Electric Fund:				
Capital assets, not being depreciated				
Land and land rights	\$ 552,371	\$ -	\$ -	\$ 552,371
Property held for sale	86,712	-	-	86,712
License fees	18,394	-	-	18,394
Construction in progress	<u>214,078</u>	<u>1,050,167</u>	<u>(584,291)</u>	<u>679,954</u>
Total capital assets, not being depreciated	<u>871,555</u>	<u>1,050,167</u>	<u>(584,291)</u>	<u>1,337,431</u>
Capital assets, being depreciated				
Hydro production plant	8,660,328	21,277	(644)	8,680,961
Transmission plant	3,283,635	50,368	(1,983)	3,332,020
Distribution plant	9,265,702	207,878	(8,334)	9,465,246
General plant	<u>2,288,140</u>	<u>70,234</u>	<u>-</u>	<u>2,358,374</u>
Total capital assets, being depreciated	23,497,805	349,757	(10,961)	23,836,601
Accumulated depreciation for capital assets	<u>(12,971,518)</u>	<u>(553,621)</u>	<u>9,019</u>	<u>(13,516,120)</u>
Total capital assets, being depreciated, net	<u>10,526,287</u>	<u>(203,864)</u>	<u>(1,942)</u>	<u>10,320,481</u>
Electric fund, capital assets, net	<u>11,397,842</u>	<u>846,303</u>	<u>(586,233)</u>	<u>11,657,912</u>
Water Fund:				
Capital assets, not being depreciated				
Land and land rights	779,290	-	-	779,290
Construction in progress	<u>31,868</u>	<u>172,765</u>	<u>(161,609)</u>	<u>43,024</u>
Total capital assets, not being depreciated	<u>811,158</u>	<u>172,765</u>	<u>(161,609)</u>	<u>822,314</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Utility plant	925,256	-	-	925,256
Water system and lines	<u>6,585,260</u>	<u>143,033</u>	-	<u>6,728,293</u>
Total capital assets, being depreciated	<u>7,510,516</u>	<u>143,033</u>	-	<u>7,653,549</u>
Accumulated depreciation for capital assets	<u>(3,250,101)</u>	<u>(203,734)</u>	-	<u>(3,453,835)</u>
Total capital assets, being depreciated, net	<u>4,260,415</u>	<u>(60,701)</u>	-	<u>4,199,714</u>
Water fund, capital assets, net	<u>5,071,573</u>	<u>112,064</u>	<u>(161,609)</u>	<u>5,022,028</u>
Wastewater Fund:				
Capital assets, not being depreciated				
Land	2,987	-	-	2,987
Construction in progress	<u>5,996</u>	<u>168,539</u>	<u>(174,535)</u>	-
Total capital assets, not being depreciated	<u>8,983</u>	<u>168,539</u>	<u>(174,535)</u>	<u>2,987</u>
Capital assets, being depreciated				
Treatment plant	8,497,651	50,453	-	8,548,104
Collection system	4,711,758	123,992	(26,603)	4,809,147
Force mains	<u>48,929</u>	-	-	<u>48,929</u>
Total capital assets, being depreciated	<u>13,258,338</u>	<u>174,445</u>	<u>(26,603)</u>	<u>13,406,180</u>
Accumulated depreciation for capital assets	<u>(4,578,098)</u>	<u>(337,851)</u>	<u>26,603</u>	<u>(4,889,346)</u>
Total capital assets, being depreciated, net	<u>8,680,240</u>	<u>(163,406)</u>	-	<u>8,516,834</u>
Wastewater fund, capital assets, net	<u>8,689,223</u>	<u>5,133</u>	<u>(174,535)</u>	<u>8,519,821</u>
Business-type Activities, Capital Assets, Net	<u>\$ 25,158,638</u>	<u>\$ 963,500</u>	<u>\$ (922,377)</u>	<u>\$ 25,199,761</u>

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 3 CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Business-type Activities:	
Electric	\$ 553,621
Water	203,734
Wastewater	<u>337,851</u>
Total Business-type Activities:	<u>\$ 1,095,206</u>

NOTE 4 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2019:

Business-type activities:	Balance 12/31/18	Additions	Principal Repayments	Balance 12/31/19	Current Portion
Electric Fund:					
Various interest rates Series 1 Vermont municipal bond, payable to the Bank of NY, requiring annual principal repayments ranging from \$60,000 to \$65,000 plus interest through 2025	\$ 420,000	\$ -	\$ (60,000)	\$ 360,000	\$ 60,000
4.25% municipal note payable to Union Bank monthly payments of \$15,480 including interest, due December 1, 2032. Effective January 3, 2013, the monthly principal and interest payment will be \$4,671 extending the due date to January 1, 2033	591,441	-	(31,530)	559,911	32,819
Various interest rates Series 1 Vermont municipal bond, payable to the Bank of NY, requiring annual repayments ranging from \$127,919 to \$133,249 plus interest through 2027	<u>1,159,264</u>	<u>-</u>	<u>(133,249)</u>	<u>1,026,015</u>	<u>130,584</u>
TOTAL ELECTRIC FUND LONG-TERM DEBT	<u>\$ 2,170,705</u>	<u>\$ -</u>	<u>\$ (224,779)</u>	<u>\$1,945,926</u>	<u>\$ 223,403</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 LONG-TERM DEBT (continued)

	Balance 12/31/18	Additions	Principal Repayments	Balance 12/31/19	Current Portion
Water Fund:					
4.25% mortgage payable to Union Bank, monthly payments of \$4,195 including interest, due November 2, 2029	\$ 497,279	\$ -	\$ (29,778)	\$ 467,501	\$ 30,942
4.25% system improvement bond, payable to the US Dept of Agriculture, requiring semi-annual payments of \$11,897 including interest, beginning 3/1/2010 through 9/1/2039	328,490	-	(9,954)	318,536	10,370
Construction loan with the Vermont municipal bond bank, project is incomplete, to date all funds are not fully drawn, interest will be payable at (-3%), due November 2041	326,705	-	(19,458)	307,247	18,875
2.85% note payable to Union Bank, annual payments of \$19,886 including interest, beginning 07/1/2015 through 07/1/2034.	252,437	-	(12,455)	239,982	13,046
Various interest rates Series 1 Vermont municipal bond, payable to the Bank of NY, requiring annual principal repayments ranging from \$64,812 to \$67,513 plus interest through 2027.	<u>587,360</u>	<u>-</u>	<u>(67,512)</u>	<u>519,848</u>	<u>66,162</u>
TOTAL WATER FUND LONG-TERM DEBT	<u>\$ 1,992,271</u>	<u>\$ -</u>	<u>\$ (139,157)</u>	<u>\$1,853,114</u>	<u>\$ 139,395</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 LONG-TERM DEBT (continued)

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 12/31/19</u>	<u>Current Portion</u>
Wastewater Fund:					
4.25% system improvement bond, payable to the US Dept of Agriculture, requiring semi-annual payments of \$131,141 including interest, beginning 3/1/2010 through 9/1/2039	\$ 3,617,909	\$ -	\$ (109,730)	\$3,508,179	\$ 114,380
Various interest rates Series 1 Vermont municipal bond, payable to the Bank of NY, requiring annual principal repayments ranging from \$47,269 to \$49,239 plus interest through 2027.	428,376	-	(49,239)	379,137	48,253
2.85% note payable to Union Bank, annual payments of \$11,600 including interest, beginning 07/1/2015 through 07/1/2034.	<u>147,255</u>	<u>-</u>	<u>(7,266)</u>	<u>139,989</u>	<u>7,610</u>
TOTAL WASTEWATER FUND LONG-TERM DEBT	<u>\$ 4,193,540</u>	<u>\$ -</u>	<u>\$ (166,235)</u>	<u>\$4,027,305</u>	<u>\$ 170,243</u>

The annual requirement to amortize all debts outstanding as of December 31, 2019 is as follows:

	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 448,624	\$ 84,417	\$ 310,838	\$ 843,879
2021	448,417	87,768	288,661	824,846
2022	453,454	91,259	266,166	810,879
2023	458,750	94,889	243,631	797,270
2024	464,311	98,668	222,770	785,749
2025-2029	1,695,060	696,018	782,064	3,173,142
2030-2034	1,100,554	254,443	504,784	1,859,781
2035-2039	1,329,495	-	149,099	1,478,594
2040-2044	<u>20,218</u>	<u>-</u>	<u>(906)</u>	<u>19,312</u>
	<u>\$6,418,883</u>	<u>\$ 1,407,462</u>	<u>\$2,767,107</u>	<u>\$ 10,593,452</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 LONG-TERM DEBT (continued)

Bond Sinking Fund

The Vermont Municipal Bond Bank Agreement requires the Village to maintain a Bond Sinking Fund. At December 31, 2019, \$396,747 was in various Certificate of Deposits for this purpose. This is included in restricted cash.

NOTE 5 PURCHASED POWER

Village of Morrisville Water & Light Department (the Electric Department) is a member of the Vermont Public Power Supply Authority ("VPPSA"). The Electric Department pays a proportionate share of VPPSA's operating costs and holds a seat on the VPPSA Board of Directors.

Central Dispatch Agreement

The Electric Department has entered into a Central Dispatch Agreement (CDA) with VPPSA for the economic dispatch of its generating sources. Under the CDA, the Electric Department authorizes VPPSA to act as its billing agent with regard to its generating sources and transmission providers. VPPSA continues to provide dispatch services to the Electric Department under the terms of the CDA between the Electric Department and VPPSA dated 8/9/2001.

Power Supply Resources

The energy sold through the Electric Department is obtained from a combination of sources. While about 14% of the total energy entitlements in 2019 were generated by the Electric Department's internal hydro facilities, most is provided by other sources through power purchase contracts. A summary of the major power agreements as of December 31, 2019 follows:

Cady's Falls Hydro

- Size: 1.4 MW
- Fuel: Hydro
- Location: Morrisville, VT
- Entitlement: 100%, Owned
- Products: Energy, capacity
- End Date: Life of unit
- Notes: The unit produces Vermont Tier I environmental attributes.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 PURCHASED POWER (continued)

Fitchburg Landfill

- Size: 4.5 MW
- Fuel: Landfill Gas
- Location: Westminster, MA
- Entitlement: 15.65%, PPA
- Products: Energy, capacity, renewable energy credits (MA I)
- End Date: 12/31/31
- Notes:

Hydro Quebec US (HQUS)

- Size: 212 MW
- Fuel: Hydro
- Location: Quebec
- Entitlement: 0.192% (0.407) MW, PPA
- Products: Energy, renewable energy credits (Quebec system mix)
- End Date: 10/31/38

Kruger Hydro

- Size: 6.7 MW
- Fuel: Hydro
- Location: Maine and Rhode Island
- Entitlement: 18.73% (1.25) MW, PPA
- Products: Energy, capacity
- End Date: 12/31/37
- Notes: The Electric Department has an agreement with VPPSA to purchase unitcontingent energy and capacity from six hydroelectric generators. The contract does not include the environmental attributes.

McNeil Station

- Size: 54 MW
- Fuel: Wood
- Location: Burlington, Vermont
- Entitlement: 2.64% (1.32 MW), joint-owned through VPPSA
- Products: Energy, capacity, renewable energy credits (CT Class I)
- End Date: Life of Unit
- Notes: As the joint-owner, VPPSA has agreements with the Electric Department to pay for and purchase 2.64% of the unit's output.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 PURCHASED POWER (continued)

Morrisville #2 Hydro

- Size: 1.8 MW
- Fuel: Hydro
- Location: Morrisville, VT
- Entitlement: 100%, Owned
- Products: Energy, capacity
- End Date: Life of unit
- Notes: The unit produces Vermont Tier I environmental attributes.

New York Power Authority (NYPA)

- Size: 2,675 MW (Niagara), 1,957 MW (St. Lawrence)
- Fuel: Hydro
- Location: New York State
- Entitlement: 0.511 MW (Niagara PPA), 0.011 MW (St. Lawrence PPA)
- Products: Energy, capacity, renewable energy credits (New York System Mix)
- End Date: 9/1/25 (Niagara), 4/30/2032 (St. Lawrence)
- Notes: NYPA provides hydro power to the Electric Department under two contracts, which will be extended at the end of their term.

Project 10

- Size: 40 MW
- Fuel: Oil
- Location: Swanton, VT
- Entitlement: 9% (3.6 MW), joint-owned through VPPSA
- Products: Energy, capacity, reserves
- End Date: Life of unit
- Notes: As the joint-owner, VPPSA has agreements with the Electric Department pay for and purchase 9% of the unit's output.

PUC Rule 4.100 (VEPPI Program)

- Size: Small hydro < 80 MW
- Fuel: Hydro
- Location: Vermont
- Entitlement: 0.81% (Statutory)
- Products: Energy, capacity
- End Date: 10/31/2020
- Notes: The Electric Department is required to purchase hydro power from small power producers through Vermont Electric Power Producers, Inc. ("VEPPI"), in accordance with PUC Rule #4.100. The entitlement percentage fluctuates slightly each year with the Electric Department's pro rata share of Vermont's retail energy sales, and does not include the renewable energy credits.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 PURCHASED POWER (continued)

PUC Rule 4.300 (Standard Offer Program)

- Size: Small renewables, primarily solar < 2.2 MW
- Fuel: Mostly solar, but also some wind, biogas and micro-hydro
- Location: Vermont
- Entitlement: 0.88% (Statutory)
- Products: Energy, capacity, renewable energy credits
- End Date: Varies
- Notes: The Electric Department is required to purchase power from small power producers through the Vermont Standard Offer Program in 2019, in accordance with PUC Rule #4.300. The entitlement percentage fluctuates slightly each year with the Electric Department's pro rata share of Vermont's retail energy sales.

Ryegate

- Size: 20.5 MW
- Fuel: Wood
- Location: East Ryegate, VT
- Entitlement: 0.88% (0.180 MW), PPA
- Products: Energy, capacity, renewable energy credits (CT Class I)
- End Date: 10/31/2021
- Notes: We expect that the State will extend the term of the PPA beyond 2021.

Sanders Hydro

- Size: 1.8 MW
- Fuel: Hydro
- Location: Hyde Park, VT
- Entitlement: 100%, Owned
- Products: Energy, capacity
- End Date: Life of unit
- Notes: The unit produces Vermont Tier I environmental attributes.

Seabrook 2018-22

- Size: 1,250 MW
- Fuel: Nuclear
- Location: Seabrook, NH
- Entitlement: 0.578 MW On-Peak, 0.384 MW Off-Peak (PPA)
- Products: Energy, capacity, environmental attributes (Carbon-free nuclear)
- End Date: 12/31/2022
- Notes:

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 PURCHASED POWER (continued)

Seabrook PPA

- Size: 1,250 MW
- Fuel: Nuclear
- Location: Seabrook, NH
- Entitlement: 0.300 MW, (PPA)
- Products: Energy, capacity, environmental attributes (Carbon-free nuclear)
- End Date: 12/31/2034
- Notes:

Stony Brook Station

- Size: 352 MW
- Fuel: Natural Gas, Oil
- Location: Ludlow, MA
- Entitlement: 0.352%, (1.24 MW), PPA
- Products: Energy, capacity, reserves
- End Date: Life of unit
- Notes:

Market Contracts

- Size: Varies
- Fuel: New England System Mix
- Location: New England
- Entitlement: Varies (PPA)
- Products: Energy, renewable energy credits
- End Date: Varies, less than 5 years.
- Notes: In addition to the above resources, the Electric Department purchases system power from various other entities under short-term (5 year or less) agreements. These contracts are described as Planned and Market Purchases in the tables below.

The percentage of energy (MWH) acquired from the above sources for the year ended December 31, 2019 appear in Table 1.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 PURCHASED POWER (continued)

<u>Resource</u>	<u>2019 mWh</u>	<u>Percent</u>	<u>Fuel</u>	<u>Expiration</u>
Cadys Falls Hydro	1,918	4.1 %	Hydro	Life of Unit
Fitchburg Landfill	4,892	10.4 %	Landfill Gas	12/31/1931
HQUS Contract	2,377	5.1 %	Hydro	10/31/1938
Kruger Hydro	4,817	10.3 %	System	12/31/1937
McNeil Facility	6,008	12.8 %	Wood	Life of Unit
Morrisville Hydro #2	3,717	7.9 %	Hydro	Life of Unit
NYPA Niagara Contract	3,842	8.2 %	Hydro	9/1/2025
NYPA St. Lawrence Contract	89	0.2 %	Hydro	4/30/1932
Phase I/II Transmission Facilities	-	-	N/A	Life of Unit
Project #10	24	0.1 %	Oil	Life of Unit
PUC Rule 4.100 Program (VEPPI)	233	0.5 %	Hydro	Varies
PUC Rule 4.300 Program (Std Offer)	885	1.9 %	Solar	Varies
Ryegate Facility	1,136	2.4 %	Wood	10/31/2021
Sanders Hydro	1,086	2.3 %	Hydro	Life of Unit
Seabrook 2018-22 Purchase	4,155	8.9 %	Nuclear	12/31/2022
Seabrook PPA	2,625	5.6 %	Nuclear	12/31/1934
Stony Brook Station	158	0.3 %	Oil	Life of Unit
Market Contracts	8,866	19.0 %	System	Varies
	<u>46,828</u>	<u>100.00 %</u>		

The cost of power from all power vendor sources for the year ended December 31, 2019 appear in Table 2.

Table 2: 2019 Electricity Supply Costs (\$)

TOTAL SUPPLY COSTS

<u>Resource</u>	<u>Total</u>
Cadys Falls Hydro	\$ (13,675)
Fitchburg Landfill	142,068
HQUS Contract	59,798
Kruger Hydro	41,022
McNeil Facility	130,953
Morrisville Hydro #2	(13,895)
NYPA Niagara Contract	(37,508)
NYPA St. Lawrence Contract	(976)
Phase I/II Transmission Facilities	(34,995)
Project #10	(140,988)
PUC Rule 4.100 Program (VEPPI)	17,176
PUC Rule 4.300 Program (Std Offer)	195,087

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 5 PURCHASED POWER (continued)

TOTAL SUPPLY COSTS (cont'd)

<u>Resource</u>	<u>Total</u>
Ryegate Facility	64,447
Sanders Hydro	(46,854)
Seabrook 2018-22 Purchase	89,777
Seabrook PPA	53,385
Stony Brook Station	(67,205)
Market Contracts	<u>130,046</u>
 Subtotal Power Supply	 <u>567,663</u>

TRANSMISSION COSTS

Open Access Transmission Tariff	748,777
1991 VTA - Common Facilities	219,988
1991 VTA - Specific Facilities	519,996
1991 SPA - Shared & Exclusive	13,837
Highgate Converter - O&M	<u>198</u>
 Subtotal Transmission	 <u>1,502,796</u>

ISO MARKET & MISC COSTS

Energy Market	1,338,880
Capacity Market	1,014,964
Reserve Market	15,003
NPCPC	5,758
Regulation Services	8,391
Marginal Loss Revenues	(3,447)
Auction Revenue Rights	(6,398)
Other Load Settlement	375
VPPSA Fees - Power Supply	66,010
ISONE Self Funding Tariff	56,084
VELCO Tariff Allocation	1,239
VELCO Market Settlement	1,843
VELCO Service Fees	962
REC Sales	(37,033)
GIS Costs	<u>321</u>
 Subtotal ISO & MKT & Misc Costs	 <u>2,462,952</u>

TOTAL POWER SUPPLY AND TRANSMISSION	<u>\$ 4,533,411</u>
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Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 PURCHASED POWER (continued)

For many years, VELCO offered stock to the Vermont distribution companies when it undertook a financing. The distribution companies were encouraged to acquire VELCO stock for several reasons. First, the FERC-approved dividend rate substantially exceeds the cost of money used to purchase the stock. Second, as shareholders of VELCO, the municipalities have a voice in the operation of VELCO through the "municipal representative" director who has historically been elected to the VELCO Board. Finally, if each of VELCO's Vermont customers own its' load ratio share of stock, then VELCO and its customers can avoid disputes at FERC over the rate of return on equity of VELCO. In 2006, VELCO created Vt. Transco, a Limited Liability Company. Whereas VELCO previously offered stock, all future financings would be funded by the offer of membership units in Vt. Transco, LLC.

In 2007, Vt. Transco, LLC offered \$113.5 Million of equity in the form of membership units to the Vermont Distribution companies. At the time of the offer, each member had the opportunity to purchase Transco units. As an alternative to purchasing the equity itself, a member of the Vermont Public Power Supply Authority ("VPPSA") had the authority to elect to have VPPSA acquire the units as allowed by the Vt. Transco, LLC operating agreement and a separate TRANSCO equity agreement between the member and VPPSA. The latter agreement does not eliminate the municipality's right to purchase equity in Vt. Transco; it simply provides the option to have VPPSA purchase the units for the benefit of the member and defines the terms should it be advantageous to do so. The Village of Morrisville opted to purchase 30,140 Class A units and 38,360 Class B units itself. The remaining units available were purchased by VPPSA. During 2010 VPPSA purchased an additional \$394,220 of these units for the benefit of the Village of Morrisville, Vermont. In January 2013, VPPSA purchased additional Vermont Transco, LLC equity units on behalf of the Village. The total cost was \$400,180. These units were purchased from VPPSA by the Village in 2014.

During 2014, the Village also purchased additional Vermont Transco, LLC \$494,100 equity units. This amount represents units valued at \$253,500 that were previously assigned to VELCO in 2013 and units valued at \$240,600 that were offered to the Village in 2014.

During 2016, the Village purchased additional Vermont Transco, LLC \$ 431,840 equity units.

During 2017, the Village purchased additional Vermont Transco, LLC \$ 416,300 equity units.

During 2018, the Village purchased additional Vermont Transco, LLC \$ 208,570 equity units.

During 2019, the Village purchased additional Vermont Transco, LLC \$ 81,010 equity units.

The remaining units are owned by VPPSA, the associated debt is an obligation of VPPSA and VPPSA will receive the distributions related to the units. However, as outlined in the Transco Equity Agreement and further recognized by the Vt. Public Service Board in Docket 7340, the Village of Morrisville, Vermont will receive all the benefits of the units related to their load share. The distributions received by VPPSA related to these units shall be used first, to cover VPPSA's debt service costs related to those units, and second, all net earnings from the investment will be recorded as investment income. In addition, as principal is paid on this debt, the member will record an investment in others with an offsetting credit to miscellaneous income. The balance at December 31, 2019 is \$1,005,856.

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 6 RESTRICTED NET POSITION

Net Position is restricted at December 31, 2019 as follows:

Electric Fund:	
Vehicle replacement	\$ 234,089
Bond sinking fund	<u>396,747</u>
Total Electric Fund	<u>630,836</u>
Water Fund - Vehicle replacement	<u>31,284</u>
Wastewater Fund - Sewer allocation fees	<u>697,777</u>
	<u>\$ 1,359,897</u>
General Fund:	
Village projects	<u>\$ 5,892</u>

NOTE 7 COMMITMENTS

On December 19, 2014, the Village entered into an operation and maintenance agreement for Wastewater Treatment Facilities with a third party to operate and maintain the Wastewater Treatment Facility through 2019. The terms of the agreement may be automatically extended for additional consecutive five-year terms. Under the terms of the new agreement, \$18,095 per month is due with annual increases based on CPI each year at January 1st. The rate for 2019 was \$19,238. The rate will remain the same for 2020.

NOTE 8 RETIREMENT – VMERS

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide Village of Morrisville, Vermont's proportional share of the overall amounts of the VMERS plan. Village of Morrisville, Vermont's portion has been allocated based on Village of Morrisville, Vermont's proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 8 RETIREMENT – VMERS (continued)

Schedule A – Employers’ Allocation as of June 30, 2017

Fiscal Year Ended June 30, 2017						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.50% Disc Rate)	Net Pension Liability 1% Increase (8.50% Disc Rate)
\$ 55,966	0.34270%	\$ 415,205	\$ 162,992	\$ 20,690	\$ 741,321	\$ 144,744

Schedule B – Employers’ Allocation as of June 30, 2018

Fiscal Year Ended June 30, 2018						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Increase (8.95% Disc Rate)
\$ 58,862	0.33610%	\$ 472,744	\$ 148,640	\$ 17,464	\$ 800,722	\$ 206,007

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2018

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.33610%	\$ 472,744	\$ 41,063	\$ 52,350	\$ -	\$ 54,789	\$ 438	\$ 148,640

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows
\$ 7,559	\$ -	\$ -	\$ -	\$ 9,905	\$ 17,464

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 8 RETIREMENT - VMERS (continued)

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 132,709	\$ (5,181)	\$ 127,528

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2019

Fiscal Year Ending June 30,					
2019	2020	2021	2022	2023	Thereafter
\$85,586	\$29,721	\$ 5,525	\$ 10,340	\$ -	\$ -

Schedule E – Contribution History for Fiscal Years 2016-2018

FY 2018	FY 2017	FY 2016
\$58,862	\$55,967	\$54,030

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of the Vermont Municipal Employees’ Retirement System (VMERS) or its participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont’s Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State’s Department of Finance & Management website at:

[http://finance.vermont.gov/reports and publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr)

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

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

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 8 RETIREMENT – VMERS (continued)

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

Membership	Full time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
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Creditable service	Service as a member plus purchased service.
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Average Final Compensation (AFC)	Group A – average annual compensation during highest 5 consecutive years.
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Groups B and C – average annual compensation during highest 3 consecutive years.

Group D – average annual compensation during highest 2 consecutive years.

Service Retirement Allowance

Eligibility	Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.
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Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.

Groups C and D – Age 55 with 5 years of service.

Amount	Group A – 1.4% of AFC x service
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Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC

Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 8 RETIREMENT - VMERS (continued)

Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance

Eligibility Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.

Amount Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B member, and payable without reduction to Group D members.

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; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit

Eligibility Death after 5 years of service.

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 8 RETIREMENT - VMERS (continued)

Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
Optional Benefit and Death after Retirement	For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
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 2% for Group A and 3% for Groups B, C and D.

Member Contributions	Group	Effective 7/1/18	For Fiscal year ended 6/30/18
	Group A	2.625%	2.50%
	Group B	5.00%	4.875%
	Group C	10.125%	10.00%
	Group D	11.475%	11.35%
Employer Contributions	Group	Effective 7/1/18	For Fiscal year ended 6/30/18
	Group A	4.125%	4.00%
	Group B	5.625%	5.50%
	Group C	7.375%	7.25%
	Group D	9.975%	9.85%

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 8 RETIREMENT - VMERS (continued)

Significant Actuarial Assumptions and Methods

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

Salary Increases: 5% per year

Deaths:

Death in Active Service:

Groups A, B, and C – 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement.

Group D – RP-2006 Blue Collar Annuitant Table with generation improvement

Healthy Post-Retirement:

Groups A, B, and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement

Group D: 100% of RP-2014 Healthy Annuitant with generational improvement

Disabled Post-Retirement:

All Groups- RP-2006 Disabled Mortality Table with generational improvement

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.3% per annum for members of Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B, and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit.) The January 1, 2019 COLA is assumed to be 1.3% for all groups.

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.

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

Inflation: 2.5%

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 8 RETIREMENT - VMERS (continued)

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 weighing 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, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	18.00%	6.10%
Non- US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Fixed Income	26.00%	2.25%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%

Discount rate

The discount rate used to measure the total pension liability was 7.5%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System’s projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038, Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.5%) or one percent higher (8.5%) than the current rate:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 800,722	\$ 472,744	\$ 206,007

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 9 NOTE RECEIVABLE

On May 19, 2016, the Village sold Land located on Trombley Hill. The Village financed part of the purchase price by signing a promissory note for \$70,000. Monthly principal and interest payments are due to the Village at 5% interest. Payments started on June 1, 2016. The balance due at December 31, 2019 was \$48,278.

On February 22, 2019, the Village sold Land located on Trombley Hill. The Village financed part of the purchase price by signing a promissory note for \$70,000. Monthly principal and interest payments are due to the Village at 4.5% interest. Payments started on March 22, 2019. The balance due at December 31, 2019 was \$58,447.

NOTE 10 RELICENSING

The current hydro license expired in April 2015. Before FERC can re-issue the license, the State of Vermont Agency of Natural resources needs to issue a Water Quality Certificate. Village of Morrisville, Vermont is currently appealing conditions of the water quality certification. The relicensing costs as of December 31, 2019 were \$1,069,710.

NOTE 11 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Village has evaluated subsequent events through March 4, 2020, the date of which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2019, have been incorporated into these financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Morrisville, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 16,710	\$ 16,710	\$ 16,785	\$ 75
Miscellaneous	-	-	126	126
Interest	-	-	2	2
	<u>16,710</u>	<u>16,710</u>	<u>16,913</u>	<u>203</u>
TOTAL REVENUES				
EXPENDITURES				
General government	<u>16,710</u>	<u>16,710</u>	<u>16,792</u>	<u>(82)</u>
NET CHANGE IN FUND BALANCE				
	-	-	121	121
FUND BALANCE, BEGINNING OF YEAR				
	<u>7,310</u>	<u>7,310</u>	<u>7,310</u>	<u>7,310</u>
FUND BALANCE, END OF YEAR				
	<u>\$ 7,310</u>	<u>\$ 7,310</u>	<u>\$ 7,431</u>	<u>\$ 7,431</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - VMERS
 For the Year Ended December 31, 2019

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Village's proportion of the net pension liability (asset)	0.3920 %	0.3640 %	0.3516 %	0.3555 %	0.3472 %	0.3361 %
Village's proportionate share of the net pension liability (asset)	<u>\$ 142,729</u>	<u>\$ 33,224</u>	<u>\$ 271,033</u>	<u>\$ 457,510</u>	<u>\$ 415,205</u>	<u>\$ 472,744</u>
Village's covered-employee payroll	<u>\$ 970,246</u>	<u>\$ 893,312</u>	<u>\$ 938,305</u>	<u>\$ 975,854</u>	<u>\$ 1,085,518</u>	<u>\$ 1,166,663</u>
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.71 %	3.72 %	28.89 %	46.89 %	38.25 %	40.52 %
Plan fiduciary net position as a percentage of the total pension liability	(92.71) %	(98.32) %	(87.42) %	(80.95) %	(83.64) %	(82.60) %

Significant Actuarial Assumptions and methods are described in Note 4 to the financial statements. The following assumptions and methods were effective December 31, 2018:

1. *Assumed inflation was remained constant at 2.5%*
2. *The investment return assumption remained constant at 7.50%*
3. *Assumed COLA increases remained constant at 1.15% for Group A Members and at 1.3% for Groups B, C and D*
4. *The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.*

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - VMERS
For the Year Ended December 31, 2019

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually Required Contributions (Actuarially Determined)	\$ 47,058	\$ 46,958	\$ 49,142	\$ 54,030	\$ 55,967	\$ 58,862
Contributions in Relation to the Actuarially Determined Contributions	<u>47,058</u>	<u>46,958</u>	<u>49,142</u>	<u>54,030</u>	<u>55,967</u>	<u>58,862</u>
Covered Employee Payroll	<u>\$ 970,246</u>	<u>\$ 893,312</u>	<u>\$ 938,305</u>	<u>\$ 975,854</u>	<u>\$ 1,085,518</u>	<u>\$ 1,166,663</u>
Contributions as a Percentage of Covered Employee Payroll	4.85%	5.26%	5.24%	5.54%	5.16%	5.05%

Significant Actuarial Assumptions and methods are described in Note 4 to the financial statements. The following assumptions and methods were effective December 31, 2018:

1. *Assumed inflation was remained constant at 2.5%*
2. *The investment return assumption remained constant at 7.50%*
3. *Assumed COLA increases remained constant at 1.15% for Group A Members and at 1.3% for Groups B, C and D*
4. *The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.*

See Accompanying Notes to Financial Statements.

OTHER SUPPLEMENTARY INFORMATION

Village of Morrisville, Vermont
OTHER SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATIONS, MAINTENANCE AND
GENERAL EXPENSES - ELECTRIC FUND
For the Year Ended December 31, 2019

	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
PRODUCTION EXPENSES			
Station expenses:			
Supervision & engineering	\$ 2,959	\$ -	\$ 2,959
Hydro plant	21,680	-	21,680
Electric plant	31,871	-	31,871
Generation	32,883	-	32,883
Reservoirs and dams	-	16,268	16,268
Structures	-	17,916	17,916
	<u>89,393</u>	<u>34,184</u>	<u>123,577</u>
Total station expenses			
Purchased power	<u>4,533,411</u>	<u>-</u>	<u>4,533,411</u>
TOTAL PRODUCTION EXPENSES	<u>\$ 4,622,804</u>	<u>\$ 34,184</u>	<u>\$ 4,656,988</u>
TRANSMISSION EXPENSES			
Station	\$ 1,134	\$ 13,006	\$ 14,140
Overhead lines	16,336	2,769	19,105
Miscellaneous	1,891	4,374	6,265
	<u>19,361</u>	<u>20,149</u>	<u>39,510</u>
TOTAL TRANSMISSION EXPENSES	<u>\$ 19,361</u>	<u>\$ 20,149</u>	<u>\$ 39,510</u>
DISTRIBUTION EXPENSES			
Supervision & engineering	\$ 32,142	\$ -	\$ 32,142
Station	7,354	1,543	8,897
Overhead lines	17,395	333,633	351,028
Underground lines	454	1,919	2,373
Transformers	-	3,400	3,400
Street lights	-	2,699	2,699
Meters	55,023	444	55,467
Miscellaneous	39,600	36,062	75,662
	<u>151,968</u>	<u>379,700</u>	<u>531,668</u>
TOTAL DISTRIBUTION EXPENSES	<u>\$ 151,968</u>	<u>\$ 379,700</u>	<u>\$ 531,668</u>

Village of Morrisville, Vermont
OTHER SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATIONS, MAINTENANCE AND
GENERAL EXPENSES - ELECTRIC FUND
For the Year Ended December 31, 2019

	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
CUSTOMER ACCOUNT EXPENSES			
Meter reading	\$ 78,618	\$ -	\$ 78,618
Customer records & collections	197,357	-	197,357
Uncollected accounts	7,274	-	7,274
Call center	<u>17,417</u>	<u>-</u>	<u>17,417</u>
TOTAL CUSTOMER ACCOUNT EXPENSES	<u>\$ 300,666</u>	<u>\$ -</u>	<u>\$ 300,666</u>
ADMINISTRATIVE & GENERAL EXPENSES			
Salaries	\$ 481,795	\$ -	\$ 481,795
Office supplies	15,709	-	15,709
Administrative expense transferred out	(132,500)	-	(132,500)
Outside services	333,735	-	333,735
Property insurance	68,461	-	68,461
Injuries and damages	24,150	-	24,150
Miscellaneous general expense	46,452	-	46,452
Rent	64,837	-	64,837
Maintenance of general plant	-	35,484	35,484
Regulatory commission	<u>4,336</u>	<u>-</u>	<u>4,336</u>
TOTAL ADMINISTRATIVE & GENERAL EXPENSES	<u>\$ 906,975</u>	<u>\$ 35,484</u>	<u>\$ 942,459</u>
TOTAL OPERATING, MAINTENANCE AND GENERAL EXPENSES	<u>\$ 6,001,774</u>	<u>\$ 469,517</u>	<u>\$ 6,471,291</u>