

Village of Morrisville, Vermont

FINANCIAL STATEMENTS

December 31, 2022

Village of Morrisville, Vermont
FINANCIAL STATEMENTS
December 31, 2022

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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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Morrisville, Vermont, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Morrisville, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Morrisville, Vermont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on page 39, schedule of proportionate share of the net pension liability on page 40, and schedule of contributions on page 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Morrisville, Vermont's basic financial statements. The Schedule of Operations, Maintenance and General Expenses – Electric Fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule 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.



St. Albans, Vermont
June 20, 2023

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

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, 2022 and 2021. 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, 2022

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 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.

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.

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 is shown below:

	<u>2022</u>	<u>2021</u>
Current assets	\$ 6,720,161	\$ 6,680,129
Capital Assets, net	24,942,178	24,919,466
Relicensing Costs	1,375,246	1,262,082
Restricted cash	202,795	268,848
Other Non Current Assets	<u>5,346,946</u>	<u>5,122,493</u>
Total Assets	<u>\$ 38,587,326</u>	<u>\$ 38,253,018</u>
Deferred Outflows of Resources	<u>\$ 270,482</u>	<u>\$ 372,957</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Current liabilities	\$ 2,688,145	\$ 1,969,710
Long-term liabilities	<u>5,811,398</u>	<u>6,884,255</u>
Total liabilities	<u>\$ 8,499,543</u>	<u>\$ 8,853,965</u>
 Deferred Inflows of Resources	 <u>\$ 643,481</u>	 <u>\$ 207,809</u>
 Net Position		
Net Invested in Capital	\$ 18,934,081	\$ 18,247,091
Restricted	1,685,700	1,546,731
Unrestricted	<u>9,095,003</u>	<u>9,770,379</u>
Total Net Position	<u>\$ 29,714,784</u>	<u>\$ 29,564,201</u>

A summary of the Village's revenues and expenses at December 31 is shown below

Governmental & Business Type Activities

	<u>2022</u>	<u>2021</u>
Property Taxes	\$ 12,050	\$ 11,717
Sales & Other Oper. Revenues	<u>8,960,280</u>	<u>9,016,844</u>
Total Revenues	8,972,330	9,028,561
Operating Expenses	<u>9,656,029</u>	<u>9,012,438</u>
Operating income (loss)	(683,699)	16,123
Non-operating income (expense)	<u>834,282</u>	<u>702,107</u>
Change in Net Position	<u>\$ 150,583</u>	<u>\$ 718,230</u>

Electric Department

The net position of the department decreased during 2022 by \$152,674. A summary of the Electric Department's revenue and expenses are shown below:

	<u>2022</u>	<u>2021</u>
Sales & other operating revenues	\$ 7,192,004	\$ 7,242,469
Operating expenses	<u>8,040,359</u>	<u>7,449,935</u>
Operating income (loss)	(848,355)	(207,466)
Non-operating income (expense)	<u>695,681</u>	<u>647,273</u>
Net position	<u>\$ (152,674)</u>	<u>\$ 439,807</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

The net position may serve over time as a useful indicator of the Department's financial position. At the end of 2022, the Electric Department's assets exceeded liabilities by \$19,389,110. A summary of the Department's net position is shown below:

	<u>2022</u>	<u>2021</u>
Utility plant & equipment	\$ 12,036,390	\$ 12,009,821
Relicensing Costs	1,375,246	1,262,082
Current assets	3,740,349	3,925,867
Restricted cash	188,167	254,808
Other Non-Current Assets	5,259,130	5,115,165
Deferred Outflows of Resources	<u>231,458</u>	<u>324,263</u>
Total Assets and Deferred Outflows	<u>\$ 22,830,740</u>	<u>\$ 22,892,006</u>
Long-term Liabilities	\$ 1,417,078	\$ 2,005,292
Current Liabilities	1,523,128	1,146,824
Deferred Inflows of Resources	<u>501,424</u>	<u>198,106</u>
Total liabilities and Deferred Inflows	<u>3,441,630</u>	<u>3,350,222</u>
Net Position		
Net Investment in Capital Asset	10,789,635	10,524,147
Restricted	584,287	605,125
Unreserved	<u>8,015,188</u>	<u>8,412,512</u>
Total net position	<u>19,389,110</u>	<u>19,541,784</u>
Total Liabilities, Def. Inflows and Net Position	<u>\$ 22,830,740</u>	<u>\$ 22,892,006</u>

Water Department

The net position of the Water Department increased \$76,417. A summary of the change in net position for the Water Department is shown below:

	<u>2022</u>	<u>2021</u>
Sales & other operating revenues	\$ 629,815	\$ 628,391
Operating expenses	<u>601,774</u>	<u>596,016</u>
Operating income (loss)	28,041	32,375
Non-operating income (expense)	<u>48,376</u>	<u>44,156</u>
Net Position	<u>\$ 76,417</u>	<u>\$ 76,531</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

At the end of 2022, the Department's assets exceeded liabilities by \$4,028,853. A summary of the Water Department's net position is shown below:

	<u>2022</u>	<u>2021</u>
Utility plant & equipment	\$ 4,940,020	\$ 4,867,571
Current assets	1,178,971	998,219
Other Non-Current Assets	87,816	7,328
Deferred Outflows of Resources	<u>20,374</u>	<u>28,027</u>
Total Assets and Deferred Outflows	<u>\$ 6,227,181</u>	<u>\$ 5,901,145</u>
Long-term Liabilities	\$ 1,255,357	\$ 1,451,720
Current Liabilities	827,561	492,907
Deferred Inflows of Resources	<u>115,410</u>	<u>4,082</u>
Total liabilities and Deferred Inflows	<u>2,198,328</u>	<u>1,948,709</u>
Net Position		
Net Investment in Capital Asset	3,556,159	3,319,362
Restricted	22,761	31,284
Unreserved	<u>449,933</u>	<u>601,790</u>
Total net position	<u>4,028,853</u>	<u>3,952,436</u>
Total Liabilities, Def. Inflows and Net Position	<u>\$ 6,227,181</u>	<u>\$ 5,901,145</u>

Wastewater Department

The net position of the Wastewater Department increased \$227,556 in 2022. A summary of the change in net position for the Wastewater Department's is shown below:

	<u>2022</u>	<u>2021</u>
Sales & other operating revenues	\$ 1,138,461	\$ 1,145,984
Operating expenses	<u>998,672</u>	<u>949,355</u>
Operating income (loss)	139,789	196,629
Non-operating income (expense)	<u>87,767</u>	<u>10,620</u>
Net position	<u>\$ 227,556</u>	<u>\$ 207,249</u>

At the end of 2022, the Wastewater Department's assets exceeded liabilities by \$6,278,771. A summary of the Department's net position is shown below:

	<u>2022</u>	<u>2021</u>
Utility plant & equipment	\$ 7,965,768	\$ 8,042,074
Current assets	1,797,419	1,751,317
Deferred Outflows of Resources	<u>18,650</u>	<u>20,667</u>
Total Assets and Deferred Outflows	<u>\$ 9,781,837</u>	<u>\$ 9,814,058</u>

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Long-term Liabilities	\$ 3,138,963	\$ 3,427,243
Current Liabilities	337,456	329,979
Deferred Inflows of Resources	26,647	5,621
Total liabilities and Deferred Inflows	<u>3,503,066</u>	<u>3,762,843</u>
Net Position		
Net Investment in Capital Asset	4,588,287	4,403,582
Restricted	1,064,024	896,282
Unreserved	626,460	751,351
Total net position	<u>6,278,771</u>	<u>6,051,215</u>
Total Liabilities, Def. Inflows and Net Position	<u>\$ 9,781,837</u>	<u>\$ 9,814,058</u>

Financial Highlights

General Fund. The general fund had expenses greater than revenues and was due to donations made out of the special projects fund that were not budgeted.

Electric Department. The Electric Department decreased its net position by \$153k for 2022 compared to \$440k in 2021. While revenues remained relatively flat, expenses increased almost \$600k. Purchased power costs increased over \$758k, offsetting this was administrative expense.

In 2022, additions to assets totaled just over \$1.4m and was mostly due to the work to upgrade substation #3 that began in 2021.

Water Department. The Water Department had a \$76k positive result for 2022, which was equivalent to 2021. Revenues and expenses in 2022 were comparable to 2021.

Capital work for the Water Department included upgrades to both Fairwood Parkway and Union Street water lines and the purchase of a new truck. In addition, work began on a new SCADA system and infrastructure mapping system.

Wastewater Department. The Wastewater Department's increase to its net position during 2022 was approximately \$228k compared to \$207k in 2021. Operating revenues were down slightly, operating expenses were higher by approximately \$50k which was offset by increased sewer allocation revenues.

In 2022, capital work included sewer lining for Portland and Bridge Street and the completion of the Bridge Street ejector station.

Economic Factors/ Outlook

- The Electric Department is near completion of a rate increase that went into effect 2/1/23. It is anticipated an additional rate increase(s) will be needed within the next 12 months. We will be analyzing data and predict any additional rate changes once our current rate increase is approved. Additional future plans include implementation of smart meters, a new accounting system and rebuild of one of the hydro units.

Village of Morrisville, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

- Vermont's legislature passed S5 this spring which has the potential, with other policies noted below, to significantly impact the future economics of the Electric Department. The affordable heat act, so called, essentially set the policy of the state to require the use of electricity for most heating requirements. Taken with the states policy drive to electrify personal transportation and domestic hot water generation, the strategic electrification policies will significantly increase electric sales in the coming decade. It will also require significant investment in the transmission and distribution system of the electric grid. These policies apply to all utilities in Vermont, not just MWL.
- The Water Department does not currently anticipate a rate increase for 2023 however we will be analyzing data and the need for an increase in 2024.
- The Wastewater department does not anticipate a rate increase for 2023, however it is possible there will be rate restructuring within the next couple of years.
- Green River Hydro Update. Recognizing the challenging financial reality of operating the dam under the 401 water quality permit issued by the Vermont Agency of Natural Resources, MW&L has formally engaged in potential settlement discussions with the State of Vermont to determine if a viable path exists to continue operations. If not successful, MWL will consider options, including our standing offer for the State to buy the dam to protect its State Park on the reservoir, or to put the operation on the market for other hydro operators to consider. The current dam safety assessment analysis, commissioned by the State, and final hydrology modeling will also influence the economic picture of how MWL may best proceed.

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 Morrisville Water and Light Department, 857 Elmore Street, Morrisville, VT 05661. (802) 888-3348.

Scott Johnstone, 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, 2022

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CAPITAL ASSETS			
Net utility plant in service	\$ -	\$ 24,942,178	\$ 24,942,178
CURRENT ASSETS:			
Cash	3,422	4,672,606	4,676,028
Accounts receivable, net	-	618,366	618,366
Notes receivable	-	56,878	56,878
Other receivables	-	166,213	166,213
Unbilled revenues	-	481,098	481,098
Inventories	-	452,258	452,258
Prepaid expenses	-	150,558	150,558
Current portion lease receivable	-	3,038	3,038
Other current assets	-	115,724	115,724
TOTAL CURRENT ASSETS	3,422	6,716,739	6,720,161
NON-CURRENT ASSETS			
Construction surcharge receivable	-	5,193	5,193
Restricted cash	14,628	188,167	202,795
Investments	-	5,259,130	5,259,130
Lease receivable, net of current portion	-	82,623	82,623
Relicensing costs	-	1,375,246	1,375,246
TOTAL NON-CURRENT ASSETS	14,628	6,910,359	6,924,987
TOTAL ASSETS	18,050	13,627,098	13,645,148
DEFERRED OUTFLOWS OF RESOURCES			
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 18,050	\$ 38,839,758	\$ 38,857,808
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ -	\$ 917,621	\$ 917,621
Due to other funds	-	151,351	151,351
Accrued interest payable	-	10,426	10,426
Accrued expenses	-	314,959	314,959
Deferred revenues	-	621,903	621,903
Current portion bonds & notes payable	-	671,885	671,885
TOTAL CURRENT LIABILITIES	-	2,688,145	2,688,145
LONG-TERM LIABILITIES			
Net pension liability	-	475,186	475,186
Bonds & notes payable	-	5,336,212	5,336,212
TOTAL LONG-TERM LIABILITIES	-	5,811,398	5,811,398
TOTAL LIABILITIES	-	8,499,543	8,499,543
DEFERRED INFLOWS OF RESOURCES			
VMERS pension	-	316,982	316,982
Leases	-	85,661	85,661
Customer deposits	-	240,838	240,838
TOTAL DEFERRED INFLOWS OF RESOURCES	-	643,481	643,481
NET POSITION			
Net investment in capital assets	-	18,934,081	18,934,081
Restricted	14,628	1,671,072	1,685,700
Unrestricted	3,422	9,091,581	9,095,003
TOTAL NET POSITION	18,050	29,696,734	29,714,784
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 18,050	\$ 38,839,758	\$ 38,857,808

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
VILLAGE-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

<u>Functions/Programs</u>				Net (Expense) Revenue and Changes in Net Position		<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	\$ 15,224	\$ -	\$ -	\$ (15,224)	\$ -	\$ (15,224)
Business-type activities:						
Electric	8,040,359	7,192,004	2,978	-	(845,377)	(845,377)
Water	601,774	629,815	-	-	28,041	28,041
Wastewater	998,672	1,138,461	-	-	139,789	139,789
Total business-type activities	<u>\$ 9,640,805</u>	<u>\$ 8,960,280</u>	<u>\$ 2,978</u>	<u>-</u>	<u>(677,547)</u>	<u>(677,547)</u>
General revenues and expenses:						
Property taxes				12,050	-	12,050
Interest income				14	613,234	613,248
Interest expense				-	(147,206)	(147,206)
Loss on disposal of asset				-	(1,985)	(1,985)
Miscellaneous income				2,444	364,803	367,247
Total general revenues and expenses				<u>14,508</u>	<u>828,846</u>	<u>843,354</u>
Change in Net Position				(716)	151,299	150,583
Net Position, beginning of year				<u>18,766</u>	<u>29,545,435</u>	<u>29,564,201</u>
Net Position, end of year				<u>\$ 18,050</u>	<u>\$ 29,696,734</u>	<u>\$ 29,714,784</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash	\$ 3,422	\$ 3,422
Restricted Cash	<u>14,628</u>	<u>14,628</u>
TOTAL ASSETS	<u>\$ 18,050</u>	<u>\$ 18,050</u>
FUND BALANCE		
Restricted	\$ 14,628	\$ 14,628
Unassigned	<u>3,422</u>	<u>3,422</u>
TOTAL FUND BALANCE	<u>18,050</u>	<u>18,050</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 18,050</u>	<u>\$ 18,050</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, 2022

	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Property taxes	\$ 12,050	\$ 12,050
Miscellaneous	2,444	2,444
Interest	<u>14</u>	<u>14</u>
TOTAL REVENUES	14,508	14,508
EXPENDITURES		
General government	<u>15,224</u>	<u>15,224</u>
NET CHANGE IN FUND BALANCE	(716)	(716)
FUND BALANCE, BEGINNING OF YEAR	<u>18,766</u>	<u>18,766</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 18,050</u></u>	<u><u>\$ 18,050</u></u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 December 31, 2022

ASSETS AND DEFERRED OUTFLOWS

	Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Totals
<u>ASSETS</u>				
CAPITAL ASSETS				
Net utility plant in service	\$ 12,036,390	\$ 4,940,020	\$ 7,965,768	\$ 24,942,178
CURRENT ASSETS:				
Cash	2,065,804	958,650	1,648,152	4,672,606
Accounts receivable, net	506,678	39,662	72,026	618,366
Notes receivable	-	56,878	-	56,878
Other receivables	155,009	7,964	3,240	166,213
Unbilled revenues	371,206	36,705	73,187	481,098
Inventories	393,358	58,900	-	452,258
Prepaid expenses	133,384	17,174	-	150,558
Current portion of lease receivable	-	3,038	-	3,038
Other current assets	114,910	-	814	115,724
TOTAL CURRENT ASSETS	3,740,349	1,178,971	1,797,419	6,716,739
NON-CURRENT ASSETS				
Construction surcharge receivable	-	5,193	-	5,193
Restricted cash	188,167	-	-	188,167
Investments	5,259,130	-	-	5,259,130
Lease receivable, net of current portion	-	82,623	-	82,623
Relicensing costs	1,375,246	-	-	1,375,246
TOTAL NON-CURRENT ASSETS	6,822,543	87,816	-	6,910,359
TOTAL ASSETS	10,562,892	1,266,787	1,797,419	13,627,098
DEFERRED OUTFLOWS OF RESOURCES				
	231,458	20,374	18,650	270,482
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 22,830,740	\$ 6,227,181	\$ 9,781,837	\$ 38,839,758
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 820,742	\$ 36,630	\$ 60,249	\$ 917,621
Due to / (from) other funds	143,544	1,071	6,736	151,351
Accrued interest payable	4,614	1,728	4,084	10,426
Accrued expenses	314,134	-	825	314,959
Deferred revenues	-	621,903	-	621,903
Current portion bonds & notes payable	240,094	166,229	265,562	671,885
TOTAL CURRENT LIABILITIES	1,523,128	827,561	337,456	2,688,145
LONG-TERM LIABILITIES				
Net pension liability	410,417	37,725	27,044	475,186
Bonds & notes payable	1,006,661	1,217,632	3,111,919	5,336,212
TOTAL LONG-TERM LIABILITIES	1,417,078	1,255,357	3,138,963	5,811,398
TOTAL LIABILITIES	2,940,206	2,082,918	3,476,419	8,499,543
DEFERRED INFLOWS OF RESOURCES				
VMERS pension	271,248	23,877	21,857	316,982
Leases	-	85,661	-	85,661
Customer deposits	230,176	5,872	4,790	240,838
TOTAL DEFERRED INFLOWS OF RESOURCES	501,424	115,410	26,647	643,481
NET POSITION				
Net investment in capital assets	10,789,635	3,556,159	4,588,287	18,934,081
Restricted	584,287	22,761	1,064,024	1,671,072
Unrestricted	8,015,188	449,933	626,460	9,091,581
TOTAL NET POSITION	19,389,110	4,028,853	6,278,771	29,696,734
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 22,830,740	\$ 6,227,181	\$ 9,781,837	\$ 38,839,758

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, 2022

	Enterprise Funds			
	Electric	Water	Wastewater	Total
OPERATING REVENUE				
Charges for Services	\$ 7,069,831	\$ 620,466	\$ 1,136,501	\$ 8,826,798
Other Operating Revenue	122,173	9,349	1,960	133,482
TOTAL OPERATING REVENUE	<u>7,192,004</u>	<u>629,815</u>	<u>1,138,461</u>	<u>8,960,280</u>
OPERATING EXPENSES				
Production	5,210,624	111,867	489,128	5,811,619
Transmission	52,107	-	-	52,107
Distribution	600,464	102,674	-	703,138
Customer Account Expenses	332,705	14,189	34,822	381,716
Administrative & General	922,651	117,470	144,967	1,185,088
Depreciation Expense	549,659	216,327	329,755	1,095,741
Taxes	372,149	39,247	-	411,396
TOTAL OPERATING EXPENSES	<u>8,040,359</u>	<u>601,774</u>	<u>998,672</u>	<u>9,640,805</u>
INCOME (LOSS) FROM OPERATIONS	<u>(848,355)</u>	<u>28,041</u>	<u>139,789</u>	<u>(680,525)</u>
NON-OPERATING REVENUE (EXPENSE)				
Investment Income	135,415	-	-	135,415
Gain(Loss) on Disposal of Assets	1,156	(1,199)	(1,942)	(1,985)
Rental Income	-	67,113	-	67,113
Interest and Dividend Income	599,658	6,251	7,325	613,234
Grant Income	2,978	-	-	2,978
Interest Expense	(43,526)	(23,789)	(79,891)	(147,206)
Reserve Allocation Fees	-	-	162,275	162,275
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>695,681</u>	<u>48,376</u>	<u>87,767</u>	<u>831,824</u>
INCREASE (DECREASE) IN NET POSITION	<u>(152,674)</u>	<u>76,417</u>	<u>227,556</u>	<u>151,299</u>
NET POSITION, BEGINNING OF YEAR	<u>19,541,784</u>	<u>3,952,436</u>	<u>6,051,215</u>	<u>29,545,435</u>
NET POSITION, END OF YEAR	<u>\$ 19,389,110</u>	<u>\$ 4,028,853</u>	<u>\$ 6,278,771</u>	<u>\$ 29,696,734</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, 2022

	Business-Type Activities			
	Electric	Water	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 7,231,620	\$ 633,328	\$ 1,121,617	\$ 8,986,565
Cash payments to suppliers for purchased power, materials and services	(5,837,516)	40,225	(559,948)	(6,357,239)
Cash payments to employees	(1,304,510)	(114,830)	(105,114)	(1,524,454)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>89,594</u>	 <u>558,723</u>	 <u>456,555</u>	 <u>1,104,872</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING AND NON-OPERATING ACTIVITIES				
Receipts of other income	135,415	65,916	162,274	363,605
Change in due to/from other funds	5,062	(3,008)	(660)	1,394
 NET CASH PROVIDED BY NON-CAPITAL FINANCING AND NON-OPERATING ACTIVITIES	 <u>140,477</u>	 <u>62,908</u>	 <u>161,614</u>	 <u>364,999</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions and construction of capital projects	(573,248)	(288,776)	(255,392)	(1,117,416)
Relicensing costs	(113,164)	-	-	(113,164)
Proceeds from sale	1,156	-	-	1,156
Net change in restricted cash	66,641	-	-	66,641
Principal payments on long-term debt	(238,919)	(164,348)	(261,011)	(664,278)
Interest paid	(44,773)	(24,290)	(80,244)	(149,307)
 NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(902,307)</u>	 <u>(477,414)</u>	 <u>(596,647)</u>	 <u>(1,976,368)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of additional investments	(143,965)	-	-	(143,965)
Receipt of interest and dividends	599,658	6,251	7,325	613,234
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>455,693</u>	 <u>6,251</u>	 <u>7,325</u>	 <u>469,269</u>
 NET INCREASE (DECREASE) IN CASH	 (216,543)	 150,468	 28,847	 (37,228)
 CASH - BEGINNING OF YEAR	 <u>2,282,347</u>	 <u>808,182</u>	 <u>1,619,305</u>	 <u>4,709,834</u>
 CASH - END OF YEAR	 <u>\$ 2,065,804</u>	 <u>\$ 958,650</u>	 <u>\$ 1,648,152</u>	 <u>\$ 4,672,606</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, 2022

	Business-Type Activities			
	Electric	Water	Wastewater	Total
Reconciliation of operating income (loss) to net cash Provided (used) by operating activities				
Operating income	\$ (848,355)	\$ 28,041	\$ 139,789	\$ (680,525)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	549,659	216,327	329,755	1,095,741
(Increase)Decrease in:				
Receivables, net	(376)	(11,133)	(14,078)	(25,587)
Notes receivable	-	10,701	-	10,701
Unbilled revenues	(1,792)	(820)	(2,554)	(5,166)
Inventories	(38,962)	(25,814)	-	(64,776)
Prepaid expenses	15,352	(180)	-	15,172
Other current assets	(5,247)	-	(623)	(5,870)
Construction surcharge receivable	-	2,135	-	2,135
Deferred outflows	92,805	7,653	2,017	102,475
Increase(Decrease) in:				
Accounts payable	346,055	26,307	3,976	376,338
Accrued expenses	25,263	309,983	-	335,246
Deferred inflows	261,534	23,037	21,238	305,809
Net pension liability	(348,126)	(30,144)	(22,753)	(401,023)
Customer deposits	41,784	2,630	(212)	44,202
Net cash provided by operating activities	<u>\$ 89,594</u>	<u>\$ 558,723</u>	<u>\$ 456,555</u>	<u>\$ 1,104,872</u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
December 31, 2022

	<u>Amy Wade Trust Fund</u>
<u>ASSETS</u>	
Due from Other Funds	\$ 151,351
TOTAL ASSETS	<u>\$ 151,351</u>
<u>LIABILITIES AND NET POSITION</u>	
NET POSITION	\$ 151,351
TOTAL LIABILITIES AND NET POSITION	<u>\$ 151,351</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, 2022

	<u>Amy Wade Trust Fund</u>
ADDITIONS	
Investment income	\$ 1,394
TOTAL ADDITIONS	<u>1,394</u>
CHANGE IN NET POSITION	1,394
NET POSITION, BEGINNING OF YEAR	<u>149,957</u>
NET POSITION, END OF YEAR	<u><u>\$ 151,351</u></u>

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 Utility Commission (VPUC) 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, 2022

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 as needed in all 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, 2022

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, 2022 consisted of the following:

	Book Balance	Bank Balance
Insured (FDIC)	\$ 261,364	\$ 261,364
Loan offset	1,062,599	1,062,599
Collateralized by securities in bank's name	3,554,860	3,663,397
TOTAL	\$ 4,878,823	\$ 4,987,360

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, 2022

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, 2022 is \$221,130.

The Village owns 160,166 Class A units and 203,848 Class B units in Vermont Transco, LLC recorded at a cost of \$3,640,140. The Village also owns 139,786 units in Vermont Transco, LLC which are held by VPPSA for the benefit of the Village and recorded at a cost of \$1,397,860.

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, 2022

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 and sick leave based upon the length of employment. Earned, but unused, vacation and sick leave is paid upon retirement or termination of employment. Vacation and sick leave amounting to \$134,216 has been accrued as of December 31, 2022.

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, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Trust Fund	\$ 151,351	\$ -
Electric Fund	-	143,544
Water Fund	-	1,071
Wastewater Fund	-	6,736
	-	6,736
TOTAL	\$ 151,351	\$ 151,351

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, 2022

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 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	\$ 570,884	\$ 5,651	\$ -	\$ 576,535
Property held for sale	86,712	-	-	86,712
License fees	18,394	-	-	18,394
Construction in progress	<u>1,078,794</u>	<u>758,152</u>	<u>(1,630,258)</u>	<u>206,688</u>
Total capital assets, not being depreciated	<u>1,754,784</u>	<u>763,803</u>	<u>(1,630,258)</u>	<u>888,329</u>
Capital assets, being depreciated				
Hydro production plant	9,119,353	-	-	9,119,353
Transmission plant	3,410,195	89,057	(271)	3,498,981
Distribution plant	9,882,032	1,346,166	(7,833)	11,220,365
General plant	<u>2,324,068</u>	<u>8,747</u>	<u>(5,336)</u>	<u>2,327,479</u>
Total capital assets, being depreciated	24,735,648	1,443,970	(13,440)	26,166,178
Accumulated depreciation for capital assets	<u>(14,480,610)</u>	<u>(549,659)</u>	<u>12,152</u>	<u>(15,018,117)</u>
Total capital assets, being depreciated, net	<u>10,255,038</u>	<u>894,311</u>	<u>(1,288)</u>	<u>11,148,061</u>
Electric fund, capital assets, net	<u>12,009,822</u>	<u>1,658,114</u>	<u>(1,631,546)</u>	<u>12,036,390</u>
Water Fund:				
Capital assets, not being depreciated				
Land and land rights	779,290	-	-	779,290
Construction in progress	<u>93,808</u>	<u>372,447</u>	<u>(288,332)</u>	<u>177,923</u>
Total capital assets, not being depreciated	<u>873,098</u>	<u>372,447</u>	<u>(288,332)</u>	<u>957,213</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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	972,338	34,176	(32,005)	974,509
Water system and lines	<u>6,909,398</u>	<u>171,685</u>	<u>(1,617)</u>	<u>7,079,466</u>
Total capital assets, being depreciated	<u>7,881,736</u>	<u>205,861</u>	<u>(33,622)</u>	<u>8,053,975</u>
Accumulated depreciation for capital assets	<u>(3,887,263)</u>	<u>(216,327)</u>	<u>32,422</u>	<u>(4,071,168)</u>
Total capital assets, being depreciated, net	<u>3,994,473</u>	<u>(10,466)</u>	<u>(1,200)</u>	<u>3,982,807</u>
Water fund, capital assets, net	<u>4,867,571</u>	<u>361,981</u>	<u>(289,532)</u>	<u>4,940,020</u>
Wastewater Fund:				
Capital assets, not being depreciated				
Land	2,987	-	-	2,987
Construction in progress	<u>109,112</u>	<u>407,582</u>	<u>(497,923)</u>	<u>18,771</u>
Total capital assets, not being depreciated	<u>112,099</u>	<u>407,582</u>	<u>(497,923)</u>	<u>21,758</u>
Capital assets, being depreciated				
Treatment plant	8,548,104	305,430	(35,157)	8,818,377
Collection system	4,893,754	40,302	-	4,934,056
Force mains	<u>48,929</u>	<u>-</u>	<u>-</u>	<u>48,929</u>
Total capital assets, being depreciated	<u>13,490,787</u>	<u>345,732</u>	<u>(35,157)</u>	<u>13,801,362</u>
Accumulated depreciation for capital assets	<u>(5,560,813)</u>	<u>(329,755)</u>	<u>33,216</u>	<u>(5,857,352)</u>
Total capital assets, being depreciated, net	<u>7,929,974</u>	<u>15,977</u>	<u>(1,941)</u>	<u>7,944,010</u>
Wastewater fund, capital assets, net	<u>8,042,073</u>	<u>423,559</u>	<u>(499,864)</u>	<u>7,965,768</u>
Business-type Activities, Capital Assets, Net	<u><u>\$ 24,919,466</u></u>	<u><u>\$ 2,443,654</u></u>	<u><u>\$ (2,420,942)</u></u>	<u><u>\$ 24,942,178</u></u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Business-type Activities:	
Electric	\$ 549,659
Water	216,327
Wastewater	<u>329,755</u>
Total Business-type Activities:	<u>\$ 1,095,741</u>

NOTE 4 LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2022:

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Principal</u> <u>Repayments</u>	<u>Balance</u> <u>12/31/22</u>	<u>Current</u> <u>Portion</u>
Business-type activities:					
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	\$ 240,000	\$ -	\$ (60,000)	\$ 180,000	\$ 60,000
2.29% note payable to Union Bank monthly payments of \$4,214 including interest, due July 1, 2030.	478,156	-	(50,994)	427,162	52,175
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>767,512</u>	<u>-</u>	<u>(127,919)</u>	<u>639,593</u>	<u>127,919</u>
TOTAL ELECTRIC FUND LONG-TERM DEBT	<u>\$ 1,485,668</u>	<u>\$ -</u>	<u>\$ (238,913)</u>	<u>\$ 1,246,755</u>	<u>\$ 240,094</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 LONG-TERM DEBT (continued)

	<u>Balance 12/31/21</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 12/31/22</u>	<u>Current Portion</u>
Water Fund:					
2.29% note payable to Union Bank monthly payments of \$4,257 including interest, due July 1, 2030.	\$ 397,802	-	\$ (42,445)	\$ 355,357	\$ 43,431
2.10% note payable to Community National Bank, annual payments of, \$24,451 including interest, due, December 17, 2035.	293,931	-	(18,659)	275,272	18,662
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	270,063	-	(17,759)	252,304	17,777
2.29% municipal note payable to Union Bank monthly payments of \$6,372 including interest, due July 1, 2030.	197,539	-	(21,057)	176,482	21,547
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>388,874</u>	<u>-</u>	<u>(64,428)</u>	<u>324,446</u>	<u>64,812</u>
TOTAL WATER FUND LONG-TERM DEBT	<u><u>\$ 1,548,209</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (145,689)</u></u>	<u><u>\$ 1,383,861</u></u>	<u><u>\$ 166,229</u></u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 LONG-TERM DEBT (continued)

	<u>Balance 12/31/21</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 12/31/22</u>	<u>Current Portion</u>
Wastewater Fund:					
2.10% note payable to Community National Bank, annual payments of, \$269,427 including interest, due, December 17, 2035.	\$ 3,234,767	\$ -	\$ (197,146)	\$ 3,037,621	\$ 205,639
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.	283,614	-	(47,269)	236,345	47,269
2.29% municipal note payable to Union Bank monthly payments of \$1,251 including interest, due July 1, 2030.	<u>115,977</u>	<u>-</u>	<u>(12,462)</u>	<u>103,515</u>	<u>12,654</u>
TOTAL WASTEWATER FUND LONG-TERM DEBT	<u>\$ 3,634,358</u>	<u>\$ -</u>	<u>\$ (256,877)</u>	<u>\$ 3,377,481</u>	<u>\$ 265,562</u>

	<u>General Obligation Bonds</u>	<u>Notes Payable</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 317,777	\$ 354,108	\$ 133,104	\$ 804,989
2024	316,709	362,428	114,455	793,592
2025	316,207	370,355	95,654	782,216
2026	255,721	378,428	77,733	711,882
2027	255,254	386,669	62,419	704,342
2027-2031	69,658	1,677,900	160,829	1,908,387
2032-2037	59,817	845,238	24,245	929,300
2037-2041	41,828	-	(3,088)	38,740
	<u>\$ 1,632,971</u>	<u>\$ 4,375,126</u>	<u>\$ 665,351</u>	<u>\$ 6,673,448</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022, \$188,167 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 7.6% of the total energy entitlements in 2022 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, 2022 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.

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:

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 PURCHASED POWER (continued)

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 unit contingent energy and capacity from six hydroelectric generators. The contract does not include the environmental attributes and appears as system mix in the summary table.

Lawrence Brook Solar

- Size: 2.2 MW
- Fuel: Solar
- Location: Morrisville, VT
- Entitlement: 100%, PPA
- Products: Energy, RECs (VT II)
- End Date: 12/15/45
- 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.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 PURCHASED POWER (continued)

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.

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.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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: 0.95% (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 2022, 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: 0.92% (0.189 MW), PPA
- Products: Energy, capacity, renewable energy credits (CT Class I)
- End Date: 11/1/2032
- Notes:

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, 2022

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:

Other Resource Commitments

The Electric Department has a 20-year commitment to support the Phase I Transmission Facilities from Quebec to Vermont through the Vermont Support Agreement with the Vermont Electric Power Company (VELCO). The terms of the commitment are summarized below.

Phase I Transmission Facilities

- Size: 2,000 MW
- Facilities: High Voltage Direct Current (HVDC) converter station and lines
- Location: Highgate, Vermont
- Entitlement: 1.0347 %
- Products: Transmission Rights, Capacity Credits, Lease Payments
- End Date: 10/31/2040
- Notes: The transmission rights give capacity credits to the Electric Department, and may also be leased to third parties to generate revenue. The net-present value of the VPPSA-wide support costs have been estimated to be about \$45,000, and the capacity credits and lease payments have been estimated to be about \$138,000 and \$135,000 respectively. Default risk is expected to be very low because the parties to the support agreement are all utilities. As a result, the resource is expected to be a low-risk resources that generates a net revenue to the Electric Department.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 PURCHASED POWER (continued)

The percentage of energy (MWH) acquired from the above sources for the year ended December 31, 2022 appear in Table 1.

Table 1: 2022 Electricity Supply Resources (MWH)

Resource	2022 MWH	%	Fuel	Exp. Date
Cadys Falls Hydro	439	1.0%	Hydro	Life of Unit
Fitchburg Landfill	5,364	11.8%	Landfill Gas	12/31/31
HQUS Contract	2,377	5.2%	Hydro	10/31/38
Kruger Hydro	4,432	9.8%	System	12/31/37
Lawrence Brook Solar	3,054	6.7%	Solar	12/15/45
Market Contracts	7,975	17.6%		
McNeil Facility	6,045	13.3%	Wood	Life of Unit
Morrisville Hydro #2	2,083	4.6%	Hydro	Life of Unit
NYPA Niagara Contract	3,277	7.2%	Hydro	9/1/25
NYPA St. Lawrence Contract	98	0.2%	Hydro	4/30/32
Project #10	81	0.2%	Oil	Life of Unit
Ryegate Facility	1,265	2.8%	Wood	10/31/21
Sanders Hydro	923	2.0%	Hydro	Life of Unit
Seabrook 2018-22 Purchase	4,155	9.2%	Nuclear	12/31/22
Seabrook PPA	2,276	5.0%	Nuclear	12/31/34
Standard Offer Program	1,153	2.5%	Solar	Varies
Stony Brook Station	366	0.8%	Oil	Life of Unit
TOTAL RESOURCES	45,364	100.0%		

Total Load Including Losses	49,027			
ISO Exchange (+ Purchase/- Sale)	3,663	8.1%		

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 5 PURCHASED POWER (continued)

The cost of power from all power vendor sources for the year ended December 31, 2022 appear in Table 2.

Table 2: 2022 Electricity Supply Costs (\$)

POWER SUPPLY COSTS	
Resource	Total
Fitchburg Landfill	-\$211,935
HQUS Contract	-54,553
Kruger Hydro	-151,845
Lawrence Brook Solar	275,174
Market Contracts	-212,908
McNeil Facility	-258,868
NYPA Niagara Contract	-125,718
NYPA St. Lawrence Contract	-7,995
Phase I/II Transmission Facilities	-18,195
Project #10	-50,725
Ryegate Facility	-14,730
Seabrook 2018-22 Purchase	-134,708
Seabrook PPA	-50,273
Standard Offer Program	195,306
Stony Brook Station	-45,115
SUBTOTAL POWER SUPPLY	-\$867,089

TRANSMISSION COSTS	
Open Access Transmission Tariff	\$1,044,576
1991 VTA - Common Facilities	225,807
1991 SPA - Shared & Exclusive	17,834
VELCO & St Lawrence Transmission	4,667
SUBTOTAL TRANSMISSION	\$1,292,884

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 PURCHASED POWER (continued)

VPPSA & OTHER COSTS	
Energy Market	\$3,869,425
Capacity Market	576,693
Reserve Market	28,643
NCPC	13,965
Regulation Services	13,182
Marginal Loss Revenues	-6,304
Auction Revenue Rights	-8,164
Other Load Settlement	3,122
VPPSA Fees - Power Supply	43,933
ISONE Self-Funding Tariff	67,008
VELCO Tariff Allocation	1,307
VELCO Market Settlement	1,832
VELCO Service Fees	1,219
GIS Costs	374
SUBTOTAL VPPSA & OTHER	\$4,606,236
GRAND TOTAL COST	\$5,032,031

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.

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 5 PURCHASED POWER (continued)

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.

During 2020, the Village purchased additional Vermont Transco, LLC \$ 1,850 equity units.

During 2021, the Village purchased additional Vermont Transco, LLC \$325,650 equity units.

During 2022, the Village purchased additional Vermont Transco, LLC \$8,550 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 the Village owns directly at December 31, 2022 is \$3,640,140. The amount held on behalf of the Village net of related debt at December 31, 2022 is \$1,397,860.

NOTE 6 RESTRICTED NET POSITION

Net Position is restricted at December 31, 2022 as follows:

Electric Fund:	
Vehicle replacement	\$ 396,120
Bond sinking fund	<u>188,167</u>
Total Electric Fund	<u>584,287</u>
Water Fund - Vehicle replacement	<u>22,761</u>
Wastewater Fund - Sewer allocation fees	<u>1,064,024</u>
	<u>\$ 1,671,072</u>
General Fund:	
Village projects	<u>\$ 14,628</u>

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 increase is a minimum 1.5% annually and a maximum increase of 5.0% annually. The rate for 2022 was \$20,505. The rate will increase in 2023 to \$22,283.

On March 6, 2018, the Copley Golf Corporation (CGC) and the Village entered into an agreement for \$200 a month to be allocated to the Special project fund/Amy Wade fund which is administered by the Village. CGC has a cell tower lease agreement with Verizon Wireless and the \$200 a month allocation will come from the lease payments to CGC.

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.

Schedule A – Employers’ Allocation as of June 30, 2020

Fiscal Year Ended June 30, 2020						
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)
\$ 71,785	0.34636%	\$ 876,209	\$ 300,234	\$ 11,173	\$ 1,338,669	\$ 495,701

Schedule B – Employers’ Allocation as of June 30, 2021

Fiscal Year Ended June 30, 2021						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Disc Rate)	Net Pension Liability 1% Increase (8.00% Disc Rate)
\$ 71,781	0.32285%	\$ 475,187	\$ 178,712	\$316,981	\$ 939,233	\$ 93,604

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 RETIREMENT - VMERS (continued)

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2021

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
0.32285%	\$ 475,187	\$ 88,566	\$ 75,110	\$ -	\$ -	\$ 15,036	\$178,712

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	
\$ -	\$ -	\$ -	\$ 280,183	\$ 36,798	\$ 316,981	

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
\$ 105,489	\$ (7,400)	\$ 98,089

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2022

Fiscal Year Ending June 30,					
2022	2023	2024	2025	2026	Thereafter
\$ (5,873)	\$ (15,771)	\$ (32,715)	\$ (83,811)	\$ -	\$ -

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 8 RETIREMENT – VMERS (continued)

Schedule E – Contribution History for Fiscal Years 2019-2021

FY 2021	FY 2020	FY 2019
\$ 71,781	\$ 71,785	\$ 62,979

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/annual-comprehensive-financial-report>

The Vermont Municipal Employees’ Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution’s operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2021, the retirement system consisted of 353 participating employers.

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

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

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

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elects coverage under Groups A, B, C or D provisions.
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Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 8 RETIREMENT - VMERS (continued)

Creditable service	Service as a member plus purchased service.
Average Final Compensation (AFC)	<p>Group A – average annual compensation during highest 5 consecutive years.</p> <p>Groups B and C – average annual compensation during highest 3 consecutive years.</p> <p>Group D – average annual compensation during highest 2 consecutive years.</p>
Service Retirement Allowance	
Eligibility	<p>Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Groups C and D – Age 55 with 5 years of service.</p>
Amount	<p>Group A – 1.4% of AFC x service</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC</p> <p>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</p> <p>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</p> <p>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.</p>
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.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 RETIREMENT - VMERS (continued)

Vested Retirement Allowance

Eligibility	5 years of service.
Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

Disability Retirement Allowance

Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; 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.
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.

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 8 RETIREMENT - VMERS (continued)

Retirement Stipend	\$25 per month payable at the option of the Board of retirees.		
			For Fiscal year ended 6/30/21
Member Contributions	Group	Effective 7/1/21	
	Group A	3.25%	3.00%
	Group B	5.625%	5.375%
	Group C	10.75%	10.50%
	Group D	12.10%	11.85%
			For Fiscal year ended 6/30/21
Employer Contributions	Group	Effective 7/1/21	
	Group A	4.75%	4.50%
	Group B	6.25%	6.00%
	Group C	8.00%	7.75%
	Group D	10.60%	10.35%

Significant Actuarial Assumptions and Methods

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

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

Mortality:

Death in active service:

Groups A, B and C – 40% PubG-2010 General Employee below-medium and 60% of PubG-20100 General Employee, with generational projection using scale MP-2019.

Group D – PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

Healthy Post-retirement - Retirees:

Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of Pub-2010 Generally Healthy Retiree, with generational projection using scale MP-2019.

Group D – PubG-2010 Generally Healthy Retiree, with generational projection using scale MP-2019.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 RETIREMENT - VMERS (continued)

Disabled Post-retirement:

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

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Group B, C and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLAs is 2.00% for Group A members and 2.30% for Groups B, C, and D members.

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

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

Inflation: 2.30 per year%

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Passive Global Equity	24.00%	5.05%
Active Global Equities	5.00%	5.05%
US Equity - Large Cap	4.00%	4.00%
US Equity - Small/Mid Cap	3.00%	4.50%
Non- US Developed US Equities	7.00%	5.50%
Emerging Markets Debt	4.00%	3.00%
Core Fixed Income	19.00%	0.00%

Village of Morrisville, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 8 RETIREMENT - VMERS (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Private & Alternate Credit	10.00%	4.75%
US Tips	3.00%	-0.50%
Core Real Estate	4.00%	3.75%
Non-Core Real Estate	4.00%	5.75%
Private Equity	10.00%	6.75%
Infrastructure/Farmland	3.00%	4.25%

Discount rate

The discount rate used to measure the total pension liability was 7% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period off our years beginning July 1, 2022 to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by the Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7 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%) or one percent higher (8%) than the current rate:

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 939,233	\$ 475,187	\$ 93,604

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, 2022 was \$27,929.

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, 2022 was \$28,948.

Village of Morrisville, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022 were \$1,375,246.

NOTE 11 EXPENDITURES IN EXCESS OF BUDGET

Expenditures in the general fund exceeded budget amounts by \$2,852. This was partially offset by revenues that exceeded budgeted revenue by \$2,636. The Village budgeted for a \$500 loss.

NOTE 12 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Village has evaluated subsequent events through June 20, 2023, the date of which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2022, 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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 11,872	\$ 11,872	\$ 12,050	\$ 178
Miscellaneous	-	-	2,444	2,444
Interest	-	-	14	14
	<u>11,872</u>	<u>11,872</u>	<u>14,508</u>	<u>2,636</u>
TOTAL REVENUES				
EXPENDITURES				
General government	<u>12,372</u>	<u>12,372</u>	<u>15,224</u>	<u>(2,852)</u>
NET CHANGE IN FUND BALANCE				
	(500)	(500)	(716)	(216)
FUND BALANCE, BEGINNING OF YEAR				
	<u>-</u>	<u>-</u>	<u>18,766</u>	<u>-</u>
FUND BALANCE, END OF YEAR				
	<u><u>\$ (500)</u></u>	<u><u>\$ (500)</u></u>	<u><u>\$ 18,050</u></u>	<u><u>\$ (216)</u></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, 2021

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Village's proportion of the net pension liability (asset)	0.3920 %	0.3640 %	0.3516 %	0.3555 %	0.3472 %	0.3361 %	0.32779 %	0.34636 %	0.32285
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>	<u>\$ 568,683</u>	<u>\$ 876,209</u>	<u>\$ 475,187</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>	<u>\$ 1,275,180</u>	<u>\$ 1,199,122</u>	<u>\$ 1,186,118</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 %	44.60 %	73.07 %	40.06
Plan fiduciary net position as a percentage of the total pension liability	(92.71) %	(98.32) %	(87.42) %	(80.95) %	(83.64) %	(82.60) %	(83.64) %	(74.52) %	(86.29)

Changes in Assumptions: There have been no changes in actuarial assumptions since the last measurement date.

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

See Accompanying Notes to Financial Statements.

Village of Morrisville, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - VMERS
 For the Year Ended December 31, 2021

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually Required Contributions (Actuarially Determined)	\$ 47,058	\$ 46,958	\$ 49,142	\$ 54,030	\$ 55,967	\$ 58,862	\$ 62,979	\$ 71,785	\$ 71,781
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>	<u>62,979</u>	<u>71,785</u>	<u>71,781</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>	<u>\$ 1,275,180</u>	<u>\$ 1,199,122</u>	<u>\$ 1,186,118</u>
Contributions as a Percentage of Covered Employee Payroll	4.85%	5.26%	5.24%	5.54%	5.16%	5.05%	4.94%	5.99%	6.05%

Significant Actuarial Assumptions and methods are described in Note 12 to the financial statements.

Changes in Assumptions: There have been no changes in actuarial assumptions since the last measurement date.

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

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, 2022

	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
PRODUCTION EXPENSES			
Station expenses:			
Supervision & engineering	\$ 17,460	\$ -	\$ 17,460
Hydro plant	10,699	-	10,699
Electric plant	43,152	-	43,152
Generation	63,648	-	63,648
Reservoirs and dams	-	14,671	14,671
Structures	-	28,963	28,963
	<u>134,959</u>	<u>43,634</u>	<u>178,593</u>
 Purchased power	 <u>5,032,031</u>	 <u>-</u>	 <u>5,032,031</u>
 TOTAL PRODUCTION EXPENSES	 <u>\$ 5,166,990</u>	 <u>\$ 43,634</u>	 <u>\$ 5,210,624</u>
 TRANSMISSION EXPENSES			
Station	\$ 1,682	\$ 9,915	\$ 11,597
Overhead lines	12,167	21,860	34,027
Miscellaneous	3,299	2,139	5,438
	<u>18,193</u>	<u>33,914</u>	<u>52,107</u>
TOTAL TRANSMISSION EXPENSES	<u>\$ 18,193</u>	<u>\$ 33,914</u>	<u>\$ 52,107</u>
 DISTRIBUTION EXPENSES			
Supervision & engineering	\$ 166,966	\$ -	\$ 166,966
Station	8,053	1,507	9,560
Overhead lines	30,373	264,159	294,532
Underground lines	2,785	5,481	8,266
Transformers	-	20,877	20,877
Street lights	49	12,319	12,368
Meters	21,736	1,969	23,705
Engineering	-	1,615	1,615
Miscellaneous	23,003	39,572	62,575
	<u>252,965</u>	<u>347,499</u>	<u>600,464</u>
TOTAL DISTRIBUTION EXPENSES	<u>\$ 252,965</u>	<u>\$ 347,499</u>	<u>\$ 600,464</u>

Village of Morrisville, Vermont
OTHER SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATIONS, MAINTENANCE AND
GENERAL EXPENSES - ELECTRIC FUND
For the Year Ended December 31, 2022

	<u>Operations</u>	<u>Maintenance</u>	<u>Total</u>
CUSTOMER ACCOUNT EXPENSES			
Meter reading	\$ 84,281	\$ -	\$ 84,281
Customer records & collections	219,711	-	219,711
Uncollected accounts	8,052	-	8,052
Call center	<u>20,661</u>	<u>-</u>	<u>20,661</u>
TOTAL CUSTOMER ACCOUNT EXPENSES	<u>\$ 332,705</u>	<u>\$ -</u>	<u>\$ 332,705</u>
ADMINISTRATIVE & GENERAL EXPENSES			
Salaries	\$ 399,968	\$ -	\$ 399,968
Office supplies	23,272	-	23,272
Administrative expense transferred out	(159,997)	-	(159,997)
Outside services	372,727	-	372,727
Property insurance	83,828	-	83,828
Injuries and damages	23,384	-	23,384
Miscellaneous general expense	60,756	-	60,756
Rent	62,790	-	62,790
Maintenance of general plant	-	48,499	48,499
Regulatory commission	<u>7,424</u>	<u>-</u>	<u>7,424</u>
TOTAL ADMINISTRATIVE & GENERAL EXPENSES	<u>\$ 874,152</u>	<u>\$ 48,499</u>	<u>\$ 922,651</u>
TOTAL OPERATING, MAINTENANCE AND GENERAL EXPENSES	<u>\$ 6,645,005</u>	<u>\$ 473,546</u>	<u>\$ 7,118,551</u>