



Village of Hyde Park, Vermont

FINANCIAL STATEMENTS

December 31, 2020

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December 31, 2020

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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Hyde Park, Vermont
Hyde Park, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of the Village of Hyde Park, Vermont, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of Hyde Park, Vermont, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hyde Park, Vermont's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2021, on our consideration of the Village of Hyde Park, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hyde Park, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Hyde Park, Vermont's internal control over financial reporting and compliance.

Kittell Brancigan \pm Sargent

St. Albans, Vermont
April 12, 2021

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) serves as an introduction to the financial statements of the Village of Hyde Park (VOHP). It is intended to be an objective and easily understandable analysis of significant financial and operating activities and events for the fiscal year ended December 31, 2020 (FY 2020). This MD&A should be read in conjunction with the audited financial statements and accompanying notes that follow.

FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Statement of Net Position on page 1 and the Statement of Activities on page 2 of the basic financial statements provide information about activities as a whole. Fund financial statements start on page 3 of the report.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report VOHP's operations in more detail than the government-wide financial information which VOHP acts solely as agent for the benefit of those outside the government. Below are some significant items for FY 2020 to note for further discussion, as follows:

Total net position as of December 31, 2020 increased \$69,217 compared to a decrease of \$323,019 in FY 2019.

- Net position of General Fund (governmental) activities decreased by \$396 compared to a decrease of \$1,229 in FY 2019.
 - The Village property tax rate of \$.088 per \$100 of property value for FY 2020 generated revenue of \$36,184. The Village property tax rate of \$.082 per \$100 of property value in FY 2019 generated revenue of \$33,413.
 - The market value of the grand list increased to \$41,415,800 in FY 2020 from \$41,306,500 in FY 2019, a town wide reappraisal was completed for assessment year beginning April 1, 2018.
- Net position of Electric Department, Water Department and Wastewater Department (business-type enterprise activities) increased \$69,613 for FY 2020, as compared to a decrease of \$321,790 in FY 2019.
- Revenue generated by charges for electric services increased by \$301,011 from the prior year, while expenses decreased \$123,622.
- For water and wastewater business-type activities, combined charges for services increased \$58,025 from the prior year, while expenses decreased by \$347.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to basic financial statements and are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements. This report does not contain other supplementary information to the basic financial statements themselves.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Government-wide financial statements - Reporting VOHP as a Whole

This statement measures the activities for the year and can be used to determine whether taxes, rates, fees and other charges are adequate to recover expenses.

Our analysis of VOHP as a whole begins on page 1 of the basic financial statements. The Statement of Net Position and the Statement of Activities report information about VOHP as a whole. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net position and the changes in them. Over time, increases or decreases in net position are indicators of whether its financial health is improving or deteriorating and should take into consideration factors such as changes in property tax charges, the tax base, regulatory expense burdens, the condition of utility infrastructure, weather and economic events and rates. In the Statement of Net Position and the Statement of Activities, we divide VOHP into two types of activities, as follows:

Governmental Activities

VOHP reports basic services as General Fund (governmental activities). These include general administration, grant management, land use and development ordinances, planning and zoning administration, sidewalk snow removal and maintenance, sidewalk repair and new construction, street lighting, parks, trash receptacles and trash removal. VOHP's property taxes fund a large majority of these activities. State and federal grants, as well as contributions provide support for specific projects.

Business-type Activities

VOHP charges a fee to customers to help it cover all or most of the cost of certain services it provides. Hyde Park Electric, Water and Wastewater departments are reported as business-type activities.

Fund Financial Statements - Reporting the Village's Most Significant Funds

Our analysis of VOHP's major funds begins on page 3. The fund financial statements provide detailed information about the most significant funds that comprise VOHP. Some funds are required to be established by state law and by bond covenants. However, the Board of Trustees may establish other funds to help control and manage money for particular purposes. VOHP's two kinds of funds (governmental and proprietary) use different accounting approaches.

Governmental Funds - Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed, short-term view of operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance government programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation on pages 4 and 6 of the fund financial statements.

Proprietary Funds - When VOHP charges customers for the services it provides, whether to outside customers or to other units of VOHP, these charges are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, VOHP's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

FINANCIAL ANALYSIS - VOHP AS A WHOLE

For FY 2020, VOHP combined net position increased \$69,217 as compared to a decrease of \$323,019 in FY 2019. Our analysis below focuses on the net position and changes in net position of VOHP's governmental and business-type activities.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2020 Totals</u>	<u>2019 Totals</u>	<u>Increase (Decrease)</u>
Cash and equivalents	\$ 94,185	\$ 177,376	\$ 271,561	\$ 198,747	\$ 72,814
Other assets	56,963	858,078	915,041	825,717	89,324
Restricted Assets	13,514	96,043	109,557	109,381	176
Investments	-	651,558	651,558	590,714	60,844
Capital assets, net	495,975	5,381,293	5,877,268	4,318,735	1,558,533
Deferred Outflows	<u>1,110</u>	<u>109,901</u>	<u>111,011</u>	<u>99,063</u>	<u>11,948</u>
Total Assets and Deferred Outflows	<u>661,747</u>	<u>7,274,249</u>	<u>7,935,996</u>	<u>6,142,357</u>	<u>1,793,639</u>
Debt	86,582	4,879,942	4,966,524	3,367,832	1,598,692
Other Liabilities	3,106	941,560	944,666	815,754	128,912
Unearned revenue	-	19,250	19,250	20,625	(1,375)
Deferred Inflows	<u>29</u>	<u>2,916</u>	<u>2,945</u>	<u>4,752</u>	<u>(1,807)</u>
Total Liabilities and Deferred Inflows	<u>89,717</u>	<u>5,843,668</u>	<u>5,933,385</u>	<u>4,208,963</u>	<u>1,724,422</u>
Net Position	<u>\$ 572,030</u>	<u>\$ 1,430,581</u>	<u>\$ 2,002,611</u>	<u>\$ 1,933,394</u>	<u>\$ 69,217</u>

Net position of VOHP's governmental activities: unrestricted assets make up the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

	<u>Governmental</u>	<u>Business-type</u>	<u>Total Activities</u>
Net Position - Beginning	\$ 572,426	\$ 1,360,968	\$ 1,933,394
Net Position - Ending	<u>572,030</u>	<u>1,430,581</u>	<u>2,002,611</u>
Change in Net Position	<u>\$ (396)</u>	<u>\$ 69,613</u>	<u>\$ 69,217</u>

VOHP's total revenue increased to \$2,906,202 in FY 2020 as compared to FY 2019 revenue of \$2,617,203 an increase of \$288,999. VOHP has covered most of its expenses and continues to meet its current liability obligations. The analysis below separately considers the operations of governmental and business-type activities.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities Revenue and Expenses

General revenues for VOHP's governmental activities decreased \$417, this year while total expenses increased \$1,967. In FY 2020, the tax rate was assessed as \$.088 per \$100 of property value. The tax rate appears sufficient to cover normal General Fund operating expenses; however, should nonrecurring legal costs, capital projects, new or expanded services, or maintenance of sidewalks and streets expense increase in the future, reserves may deplete and additional tax increases considered.

The cost of all governmental activities, excluding capital outlays and depreciation, was \$33,989 for FY 2020 as compared \$29,247 for FY 2019. However, as shown in the Statement of Revenues, Expenditures, and Change in Fund Balance in the basic financial statements, the amount that taxpayers financed for these activities through Village tax income was \$33,555. The cost was paid partially by other funds in the amount of \$34,558 for warehouse rental and other contributions. The following presents the cost of each of the VOHP's major functions: street lighting, sidewalk maintenance, planning and zoning, enhancements, and general administration. The net cost shows the financial burden placed on VOHP's taxpayers by each of these functions.

Governmental Activities

Governmental Activities	<u>2020</u>	<u>2019</u>	<u>Change</u>
General government & administration	\$ 8,030	\$ 7,913	\$ 117
Streets and sidewalk	19,248	16,857	2,391
Street lights	6,495	4,477	2,018
Village Services/Parks	<u>216</u>	<u>-</u>	<u>216</u>
Total Governmental Activities	<u>\$ 33,989</u>	<u>\$ 29,247</u>	<u>\$ 4,742</u>

Business-Type Activities Revenue and Expenses

Total revenues of VOHP's business-type activities have increased over FY 2019 revenues by \$274,949, and overall expenses have decreased by \$116,454, over the prior year. The factors driving these results include:

Revenues

Electric charges for electric service increased \$301,011 from the prior year. Water and Wastewater revenue increased by approximately 26% over 2019 due to necessary increases to water rates.

Expenses

Electric expenses decreased by \$123,622 to \$2,548,395 as compared to \$2,672,017 in FY 2019. Regulatory related consulting and legal fees associated with the July 2019 rate filing contributed to 2019 expenses. Purchase power and transmission costs continue to be the largest expense of the VOHP's business-type activities. These expenses decreased to \$1,240,960 in FY 2020 from \$1,359,537 in FY 2019, a 10% decrease. Water and Wastewater expenses decreased to \$165,019 in FY 2020 from \$165,366 in FY 2019, a difference of \$347.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS – VOHP'S FUNDS

Governmental Funds

VOHP's governmental funds (as presented in the balance sheet on page 3) reports a combined fund balance of \$159,142, which is an increase of \$18,178 over the FY 2019 fund balance of \$140,964. Of this fund balance, \$15,298 has been restricted for future sidewalk or crosswalk capital projects and the Elsa French Park. As discussed above, restricted funds are not available for general government spending. The primary reasons for the General Fund changes are highlighted on pages 4 and 6.

Proprietary Funds

The proprietary funds consist of the Electric, Water and Wastewater Funds and the highlighted changes begin on page 7 of the basic financial statements. A condensed version of the Statement of Revenues, Expenditures, and changes in net position is provided below for each fund.

ELECTRIC DEPARTMENT

Statement of Revenue, Expenditures and Changes in Net Position	<u>2020</u>	<u>2019</u>	Increase (Decrease)
Total Operating Revenues	<u>\$2,511,915</u>	<u>\$2,210,904</u>	<u>\$ 301,011</u>
Expenses:			
Purchased power, transmission and distribution	1,477,018	1,577,935	(100,917)
Customer accounts	209,387	209,396	(9)
Administrative and general	503,278	531,736	(28,458)
Depreciation expenses	184,712	194,534	(9,822)
Taxes	<u>174,000</u>	<u>158,416</u>	<u>15,584</u>
Total Operating Expenses	<u>2,548,395</u>	<u>2,672,017</u>	<u>(123,622)</u>
Operating Income (Loss)	(36,480)	(461,113)	424,633
Non-operating income	<u>57,901</u>	<u>140,601</u>	<u>(82,700)</u>
Change in net position	<u>\$ 21,421</u>	<u>\$ (320,512)</u>	<u>\$ 341,933</u>

- Hyde Park Electric (HPE) provides services to about 1,400 retail customers, 85% are residential, and the balance small commercial, public facilities and street lighting. Hyde Park Electric (HPE) provides electricity to retail customers in the Towns of Hyde Park and Johnson. Three-Phase service in the Village extends to North Hyde Park and the National Guard facilities. HPE connects to the transmission system of Green Mountain Power. The distribution system includes approximately 53 miles of aerial lines and 9 miles of underground lines within a service territory of about 18 square miles.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- HPE serves the Lamoille County Courthouse, Sheriff's Department, Hyde Park Elementary School, Town and Village facilities, Hyde Park Fire Departments, Lanpher Memorial Library and the Opera House. The largest electric customer is Lamoille Union High School.
- In FY 2020, striving to maintain system reliability, right-of-way clearing expenses were \$15,673. System reliability remains strong as demonstrated in the annual "Reliability Report" submitted to the Department of Public Service. The total number of "customer hours out" was approximately 253 out of a possible 12,036,240 total. Of the customer hours out, 30% related to incidents relating to trees. The October 25, 2019, HPE Integrated Resource Plan is available for review in the Utilities section at www.villageofhydepark.com.

WATER DEPARTMENT

Statement of Revenue, Expenditures and Changes in Net Position	<u>2020</u>	<u>2019</u>	Increase (Decrease)
Total Operating Revenues	<u>\$ 146,740</u>	<u>\$ 86,752</u>	<u>\$ 59,988</u>
Expenses:			
Distribution	44,593	42,495	2,098
Customer accounts	13,317	12,263	1,054
Administrative and general	31,403	24,355	7,048
Depreciation expenses	13,874	13,874	-
Taxes	<u>5,205</u>	<u>4,911</u>	<u>294</u>
Total Operating Expenses	<u>108,392</u>	<u>97,898</u>	<u>10,494</u>
Operating Income (Loss)	38,348	(11,146)	49,494
Non-operating income (expense)	<u>(4,587)</u>	<u>568</u>	<u>(5,155)</u>
Change in net position	<u>\$ 33,761</u>	<u>\$ (10,578)</u>	<u>\$ 44,339</u>

HPE Water District provides water and fire flow after construction improvements within the Village; and water to the town at locations on Centerville Road, North Hyde Park Road, Depot Street., Mill Street., Morey Road and Hwy 15 West. As the County Seat of Lamoille County, safe and reliable drinking water and fire flow is integral to the health of the Region as a whole.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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WASTEWATER DEPARTMENT

Statement of Revenue, Expenditures and Changes in Net Position	<u>2020</u>	<u>2019</u>	Increase (Decrease)
Total Operating Revenues	\$ 74,646	\$ 76,609	\$ (1,963)
Expenses:			
Distribution	20,385	32,843	(12,458)
Customer accounts	7,240	6,694	546
Administrative and general	11,136	9,359	1,777
Depreciation expenses	16,890	16,890	-
Taxes	<u>976</u>	<u>1,682</u>	<u>(706)</u>
Total Operating Expenses	<u>56,627</u>	<u>67,468</u>	<u>(10,841)</u>
Operating Income (Loss)	18,019	9,141	8,878
Non-operating income (expense)	<u>(3,588)</u>	<u>159</u>	<u>(3,747)</u>
Change in net position	<u>\$ 14,431</u>	<u>\$ 9,300</u>	<u>\$ 5,131</u>

As the County Seat of Lamoille County, safe and reliable wastewater removal is integral to the health of the Region as a whole. HP Wastewater District serves homes, public facilities and businesses within the Village.

CAPITAL ASSETS

At the end of 2020, VOHP has a net book value of \$5,877,268 and \$4,318,735 invested in a broad range of capital assets in the governmental activities and business-type activities, including buildings, transportation equipment, sidewalks and crosswalks, electric utility infrastructure, a solar generating plant, water service lines, water treatment facility, sewer service lines, and two sewer fields.

See Pages 18-20 of the Notes to Financial Statements for details. Of the \$246,418 total depreciation expense charged to 2020 expenses, \$30,942 was charged to the governmental activities. The remaining \$215,476 is charged to the business-type activities.

A backhoe loader is necessary to clear Village sidewalks and move snow to storage locations. The backhoe no longer functioned due to rust caused by road salt. To continue snow removal, we entered a seven-year lease with extended warranty, \$17,993 annually; \$1.00 buy-out for a 2019 JOHN DEERE 310SL HL BACKHOE LOADER. The equipment is an asset of the General Department based on its necessity on a daily basis for winter snow removal and the reduced useful life of previous equipment due to road salt.

MAJOR PROJECTS AND INITIATIVES

This was a challenging year. On March 13, 2020, Governor Scott commenced the coronavirus state of emergency. On March 18, 2020, the Public Utility Commission issued an Order granting a temporary moratorium on involuntary utility service disconnections in Vermont. The moratorium is currently in effect until May 31, 2021. On March 18, 2020, Hyde Park Electric filed a motion requesting approval of revised tariffs and a proposed customer refund implementation plan. Bonds were approved and construction began on the water and wastewater projects. Wastewater improvements commenced following approval of loan funds of \$985,000. Water improvements commenced following approval of loan funds of \$4,267,000, Principal Forgiven: (\$1,066,750).

Village of Hyde Park, Vermont
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WATER DEPARTMENT

Regulated by the AGENCY OF NATURAL RESOURCES DEPARTMENT OF ENVIRONMENTAL CONSERVATION Drinking Water and Groundwater Protection Division ENVIRONMENTAL PROTECTION RULES, CHAPTER 21 WATER SUPPLY RULE.

As the County Seat of Lamoille County, the health of the Village of Hyde Park is integral to the health of the Region as a whole. In 2019, the state amended our water permit to require a compliance schedule for water improvements to address public health concerns, specifically the inability of the system to maintain required minimum pressures.

The compliance project was engineered by Dufresne Group and the contractor, N.A. Manosh Corporation, commenced construction in the spring of 2020, with planned completion in 2021, to include meeting fire flow demands.

The drinking water improvement project is financed by a loan agreement with the Vermont State Revolving Fund / Vermont Municipal Bond Bank, Loan Amount: \$4,267,000 for improvements to the drinking water system in accordance with the state's amended water permit requiring infrastructure replacements and improvements and in compliance with the state's compliance schedule for said replacements and improvements. Principal Forgiven: (\$1,066,750) Principal Due: \$3,200,250.

Water District Schedule of Rates and Charges were effective with September 2020 usage and October billing, and in January 2021, with an annual 3% increase effective each subsequent year. Water revenue requirements are achieved with full payment from about 233 customers. 70% of revenue requirements are expected to be recovered in the fixed Service Charge. The Vermont Bond Bank approved the water bond.

The Board of Trustees is the authority responsible for establishing rates, fees and charges to generate sufficient revenues to pay debt obligations, meet regulatory requirements and provide adequate funds to operate, maintain and repair these systems. The Board meets these obligations with fair and equitable rates.

WASTEWATER DEPARTMENT

Regulated by the AGENCY OF NATURAL RESOURCES DEPARTMENT OF ENVIRONMENTAL CONSERVATION Drinking Water and Groundwater Protection Division ENVIRONMENTAL PROTECTION RULES, CHAPTER 21 WATER SUPPLY RULE.

The wastewater system, installed in 1977-78, reached an age and condition that necessitated an engineering inspection, analysis, design and financial planning in 2017. In 2019, voters approved general obligation bonds or notes of the Village of Hyde Park in an amount not to exceed \$985,000. Wastewater improvements were engineered by Dufresne Group and the contractor is N.A. Manosh, Corporation. Work commenced in the spring of 2020, with completion in 2021.

The wastewater improvements are funded by a loan agreement with the Vermont State, Revolving Fund/ Vermont Municipal Bond Bank, Loan Amount: \$985,000 for the replacement of a 40 year old undersized treatment system at Area II, replacement of failing pump station infrastructure and force main at Johnson Street Extension, the addition of effluent filters in a 1,000 gallon tank at Area 1, and inspection of force mains, in order to provide treatment capacity for current users and allow for future growth in the Area II service area, to identify areas needing repair prior to drinking water improvements so that streets are repaired once.

Wastewater Revenue Requirements are achieved with full payment from about 166 customers. 79% of revenue requirements are expected to be recovered in the fixed Service Charge. The Board of Trustees is the authority responsible for establishing rates, fees and charges to generate sufficient revenues to pay debt obligations, meet regulatory requirements and provide adequate funds to operate, maintain and repair these systems. The Board meets these obligations with fair and equitable rates. The Vermont Bond Bank approved the bond.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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ELECTRIC DEPARTMENT (“HPE”)

Vermont's electric utilities operate under a Certificate of Public Good (CPG) granted by the Vermont PUBLIC UTILITY COMMISSION. As regulated monopolies, rates and policies are subject to review by the DEPARTMENT OF PUBLIC SERVICE with approval by the Commission.

HPE received Public Utility Commission approval of a two-year Community Solar Rider pilot program to be in effect November 1, 2018 through October 31, 2020. The two-year pilot program is fully enrolled with ten residential and rural rate customers who meet certain income limits. The goal is to ultimately develop a Community Solar Rider program that would be supplied by new or dedicated renewable generation resources. This ruling satisfied the requirements of the Clean Energy Development Grant and Vermont Public Service Department grant agreement of August 8, 2016 to provide funding to assist HPE to establish a pilot residential community solar rider and billing platform.

ECONOMIC FACTORS AND RATES

ELECTRIC DEPARTMENT (“HPE”)

During the three-year period from 2007 to 2010 rates increased by a total of 29.83%. Effective December 1, 2007 rates increased 6.98%, February 1, 2009, rates increased 8.38%, and July 1, 2010 rates increased 14.47%.

In July, 2019, we requested that the Vermont Public Utilities Commission (“Commission”) approve an overall rate increase of 15.69%, to take effect on a service rendered basis September 1, 2019. Following the regulatory process, on March 18, 2020, HPE filed a motion requesting approval of revised tariffs and a proposed customer refund implementation plan. The updated tariff sheets reflected the 7.75% rate increase approved by the Commission on March 4, 2020, and were effective on a service-rendered basis on and after April 1, 2020. In addition, the Commission approved the HPE plan to refund the difference between the funds collected using the 15.69% proposed rate increase and the funds implementing the 7.75% approved rate increase to individual ratepayers in its July 2020 bills. This refund was made.

Significant factors leading to the tariff reduction were higher Renewable Energy Credits (“RECs”) and lower forward energy pricing:

1. The Public Service Department (“PSD”) stated that they prefer more frequent rate filings, noting the nine years since HPE's prior rate increase.
2. Forward prices for power were lower in January 2020 than at the time of the July 2019 filing. The regulatory process updated forward prices for power which trended downward during this period of time.
3. Waterhouse Solar RECs held a much higher market value in January 2020 than that at the time of the July 2019 filing. The PSD stated that the 2019 certified RECs generated by HPE's solar facility be sold to reduce the rate increase. The sale was accomplished. Under VT's Renewable Energy Standards (“RES”), Waterhouse RECs are projected to meet RES Tier 2 and Tier 3 requirements through 2028, eliminating alternative compliance payments while also producing sufficient RECs for sales revenue.
4. HPE entered into a Master Power Purchase and Sale Agreement by and between NextEra Energy Marketing, LLC and the Village of Hyde Park Electric Department. This agreement allows HPE to purchase physical electric energy effective January 17, 2020 for 46% coverage in 2020, 51% coverage in 2021, and 27% coverage in 2022. Commonly called a bilateral agreement, it helped to reduce the rate increase filed in July 2019 since July forward energy pricing was higher than 2020 forward energy pricing.

The impact of the coronavirus pandemic has negatively impacted both customers and HPE. Effective January 2021, past due electric bill amounts totaled \$118,694, with \$32,964 over 90 days past due.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

In 2020, HPE's total energy requirements, both purchased power and self-generation, was 13,687 MW, a year to year decrease of 3.43%. HPE reached a peak energy requirement of 2.569 MW in December 2020 versus 2.52 MW in January 2019.

The aged electric distribution substation and transmission will require engineering studies and financial analysis to determine the optimum capital investment.

A cost beyond HPE's control is Vermont's net metering program which requires utilities to compensate producers at rates above the cost to purchase power or self-generate and adds to HPE operating cost. This cost is recovered in electric rates.

- VOHP's largest electrical customer is Lamoille Union High School. In 2017, the school entered into a net-metering contract with a private company who owns a 150 kW solar array in North Hyde Park.
- In FY 2020, the total net metering compensation paid was \$66,096. HPE must recover this added expense through higher electric rates. A report prepared by Energy New England detailed about \$56,000 in above-market costs in 2020. \$56,000 does not include administrative or billing costs, which are substantial added expenses. The additional cost is borne by electric ratepayers.
- The cumulative addition of small net-metering systems incrementally impacts HPE's infrastructure, and there will be a point at which the next net-metering system will tip the scale, causing negative impacts to equipment and wiring. Infrastructure replacements will then be paid by all ratepayers.

The factors that apply the greatest upward pressure on rates are increasing transmission costs, net metering expense, regulatory burdens, increased cost to operate and taxes. Other impacts are related to weather, market-based energy expense and equipment failure. Wholesale power delivered to the HPE substation is comprised of three cost components: Energy, Capacity and Transmission. The near term outlook is stable for capacity charges.

Transmission charges are projected to steadily increase year to year. Improvements to the transmission grid are not within HPE control and we are required to pay a share of that increasing cost. These projected increases will put forward pressure on all Vermont utilities to increase their rates. That cost burden is passed through to their customers as the cost of wholesale market power and services charges.

Within the transmission category are various ancillary charges, the largest of those being the Regional Network Service (RNS). RNS is the service over the Pool Transmission Facilities, which the ISO provides to transmission customers to serve their loads. These are monthly charges based on HPE's regional network load value at VELCO's peak. The rates are steadily increasing, and therefore, HPE's resource and efficiency become a larger importance. If HPE can reduce consumption and do so at the critical coincident peak of VELCO, it could potentially save on its transmission charges to the ISO. Regulatory changes could impact this analysis.

In 2020, HPE generated approximately 1.357 MW for HPE ratepayers and generated 1.357 MW Renewable Energy Credits to offset Alternative Compliance Payments as required by RES, or to sell in the market, depending on value and timing, in order to provide maximum financial value to HPE electric ratepayers.

Village Charter: The charges and rates for electric service shall be a lien on real estate, wherever located, furnished with such service in the same manner and to the same effect as taxes are a lien upon real property under 32 V.S.A. § 5061. The owner of such property, furnished with electric service, wherever located, shall be liable for such charges and rates.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2020

DRINKING WATER RATES

The Board of Trustees is the authority responsible for establishing rates structures, fees and charges to generate sufficient revenues to pay debt obligations, meet regulatory requirements and provide adequate funds to operate, maintain and repair these systems. The Board meets these obligations with fair and equitable rates.

New water rates were effective with September 2020 usage and October billing, and in January 2021, an annual 3% increase is effective, as well as each subsequent year.

WASTEWATER RATES

Wastewater Department rate increases effective March 1, 2009: bi-monthly wastewater customer charge to \$70.00 and wastewater/sewer usage rates from \$2.25/ per 1,000 gallons to \$5.35/per 1,000 gallons. New wastewater rates are effective with May 2021 usage; June Billing, and in May 2022, an annual 3% increase is effective, as well as each subsequent year.

Subchapter 15: Hyde Park Water and Sewer § 225-151. Water and sewer utility

(f) The charges and rates for sewer and water services shall be a lien on real estate, wherever located, furnished with such service in the same manner and to the same effect as taxes are a lien upon real property under 32 V.S.A. § 5061. The owner of such property, furnished with water and sewer service, wherever located, shall be liable for such charges and rates.

Electric, Water and Wastewater Rates are published under Utilities section of the official website:
www.villageofhydepark.com.

CONTACTING VILLAGE OF HYDE PARK FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of finances and to show the Village's accountability for the money it receives for services rendered. If you have questions about this report or need additional financial information, contact the Village of Hyde Park at (802) 888-2310 or by writing to Village of Hyde Park, Board of Trustees, P.O. Box 400, Hyde Park, Vermont 05655.

Village of Hyde Park, Vermont
VILLAGE-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities	Business-Type Activities	2020 Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS:			
Cash	\$ 94,185	\$ 177,376	\$ 271,561
Investments	-	651,558	651,558
Accounts receivable, net	5,520	432,142	437,662
Unbilled revenues	-	65,058	65,058
Inventories	-	95,299	95,299
Due from other funds	51,443	265,579	317,022
TOTAL CURRENT ASSETS	151,148	1,687,012	1,838,160
CAPITAL ASSETS, net	495,975	5,381,293	5,877,268
RESTRICTED CASH	13,514	96,043	109,557
TOTAL ASSETS	660,637	7,164,348	7,824,985
DEFERRED OUTFLOWS OF RESOURCES	1,110	109,901	111,011
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 661,747	\$ 7,274,249	\$ 7,935,996
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 49	\$ 206,345	\$ 206,394
Customer deposits	-	8,169	8,169
Accrued expenses and other liabilities	194	96,858	97,052
Accrued interest	-	32,693	32,693
Due to other funds	-	317,022	317,022
Short-term note	-	2,034,434	2,034,434
Current portion bonds & notes payable	-	123,760	123,760
Unearned revenue	-	19,250	19,250
TOTAL CURRENT LIABILITIES	243	2,838,531	2,838,774
LONG-TERM LIABILITIES			
Net pension liability	2,863	280,473	283,336
Bonds & notes payable	86,582	2,721,748	2,808,330
TOTAL LONG-TERM LIABILITIES	89,445	3,002,221	3,091,666
TOTAL LIABILITIES	89,688	5,840,752	5,930,440
DEFERRED INFLOWS OF RESOURCES			
VMERS pension	29	2,916	2,945
NET POSITION			
Net investment in capital assets	495,975	2,535,785	3,031,760
Restricted	15,298	96,043	111,341
Unrestricted	60,757	(1,201,247)	(1,140,490)
TOTAL NET POSITION	572,030	1,430,581	2,002,611
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 661,747	\$ 7,274,249	\$ 7,935,996

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
VILLAGE-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Charges for Services	Capital Grants	Operating Grants	Net (Expense) Revenue and Changes in Net Assets		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government and administration	\$ 8,365	\$ 30,725	\$ -	\$ -	\$ 22,360	\$ -	\$ 22,360
Streets and sidewalks	50,190	-	-	-	(50,190)	-	(50,190)
Recreation	463	-	-	-	(463)	-	(463)
Street lights	6,495	-	-	-	(6,495)	-	(6,495)
Total government activities	65,513	30,725	-	-	(34,788)	-	(34,788)
Business-type activities:							
Electric utilities	2,548,395	2,511,915	-	-	-	(36,480)	(36,480)
Sewer utilities	56,627	74,646	-	-	-	18,019	18,019
Water utilities	108,392	146,740	-	-	-	38,348	38,348
Total business-type activities	\$ 2,713,414	\$ 2,733,301	\$ -	\$ -	-	19,887	19,887
General revenues and expenses:							
Property taxes					36,184	-	36,184
Interest income					102	99,304	99,406
Interest expense					-	(52,433)	(52,433)
Gain on sale of assets					-	2,855	2,855
Loss on abandonment of project					(5,625)	-	(5,625)
Miscellaneous income					3,731	-	3,731
Total general revenues and expenses					34,392	49,726	84,118
Change in Net Position					(396)	69,613	69,217
Net Position, beginning of year					572,426	1,360,968	1,933,394
Net Position, end of year					\$ 572,030	\$ 1,430,581	\$ 2,002,611

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2020

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 94,185
Due to other funds	51,443
Restricted Cash	<u>13,514</u>
TOTAL ASSETS	<u>\$ 159,142</u>
<u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES	
Accounts payable	\$ 1,942
Accrued expenses	<u>174</u>
TOTAL LIABILITIES	<u>2,116</u>
FUND BALANCE	
Restricted	15,298
Unassigned	<u>141,728</u>
TOTAL FUND BALANCE	<u>157,026</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 159,142</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2020

Fund balances of government funds	\$ 157,026
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund	495,975
Abandonment of project	1,875
Some property tax will not be collected for several months after the Village's fiscal year end, therefore is not considered available resources to meet current financial obligations	5,520
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Net pension liability	(2,863)
Notes payable	(86,584)
Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period and therefore not reported as assets in the funds.	1,110
Deferred inflows of resources represent the acquisition of net assets applicable to a future reporting period and therefore are not reported as liabilities in the funds	<u>(29)</u>
 Net Position of Governmental Activities	 <u>\$ 572,030</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2020

	General Fund
REVENUES	
Property taxes	\$ 33,555
Interest and penalties	102
Charges for services	30,725
Grants	3,731
TOTAL REVENUES	68,113
EXPENDITURES	
General government and administration	8,030
Streets and sidewalks	19,248
Street lights	6,495
Recreation	216
Capital outlays	120,560
TOTAL EXPENDITURES	154,549
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(86,436)
OTHER FINANCING USES	
Proceeds from long term debt	120,560
Debt Payments	(15,978)
CHANGE IN FUND BALANCE	18,146
FUND BALANCE, BEGINNING OF YEAR	138,880
FUND BALANCE, END OF YEAR	\$ 157,026

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2020

Net change in fund balances - governmental funds \$ 18,146

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the statement of revenues, expenditures and change in fund balance

Decrease in the accounts receivable 2,629

Repayment of long-term debt are expenditures in the government funds, but the repayment reduces long-term liabilities in the statement of net position 15,978

Proceeds from the issuance of long-term debt (120,560)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation exceeded capital outlays in the current period. 83,993

Pension expense (582)

Change in Net Position of Governmental Activities \$ (396)

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 December 31, 2020

ASSETS AND DEFERRED OUTFLOWS

	Enterprise Funds			Totals
	Electric Fund	Water Fund	Wastewater Fund	
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash	\$ 142,106	\$ 14,027	\$ 21,243	\$ 177,376
Investments	651,558	-	-	651,558
Accounts Receivable	376,422	46,270	9,450	432,142
Unbilled Revenues	65,058	-	-	65,058
Inventories	61,774	33,525	-	95,299
Due from other funds	-	-	265,579	265,579
TOTAL CURRENT ASSETS	1,296,918	93,822	296,272	1,687,012
CAPITAL ASSETS, net	2,971,512	1,529,131	880,650	5,381,293
RESTRICTED CASH	96,043	-	-	96,043
TOTAL ASSETS	4,364,473	1,622,953	1,176,922	7,164,348
DEFERRED OUTFLOWS OF RESOURCES	99,910	6,661	3,330	109,901
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 4,464,383	\$ 1,629,614	\$ 1,180,252	\$ 7,274,249

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES:				
Accounts payable	\$ 184,380	\$ 20,402	\$ 1,563	\$ 206,345
Customer deposits	8,169	-	-	8,169
Accrued expenses and other liabilities	86,755	5,838	4,265	96,858
Accrued interest	32,693	-	-	32,693
Due to other funds	223,391	93,631	-	317,022
Short term note	486,902	1,026,686	520,846	2,034,434
Current portion bonds & notes payable	123,760	-	-	123,760
Unearned revenue	19,250	-	-	19,250
TOTAL CURRENT LIABILITIES	1,165,300	1,146,557	526,674	2,838,531
LONG-TERM LIABILITIES				
Net pension liability	253,640	18,620	8,213	280,473
Bonds & notes payable	2,475,199	142,889	103,660	2,721,748
TOTAL LONG-TERM LIABILITIES	2,728,839	161,509	111,873	3,002,221
TOTAL LIABILITIES	3,894,139	1,308,066	638,547	5,840,752
DEFERRED INFLOWS OF RESOURCES				
VMERS pension	2,651	177	88	2,916
NET POSITION				
Net investment in capital assets	477,063	1,386,242	776,990	2,640,295
Restricted	96,043	-	-	96,043
Unrestricted	(5,513)	(1,064,871)	(235,373)	(1,305,757)
TOTAL NET POSITION	567,593	321,371	541,617	1,430,581
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 4,464,383	\$ 1,629,614	\$ 1,180,252	\$ 7,274,249

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN NET POSITION - PROPRIETARY FUNDS
 For the Year Ended December 31, 2020

	Enterprise Funds			
	Electric	Water	Wastewater	
OPERATING REVENUE				
Charges for services	\$ 2,355,362	\$ 146,740	\$ 74,646	\$ 2,576,748
Rental income	7,341	-	-	7,341
Sales of labor and material	39,482	-	-	39,482
Other operating revenue	<u>109,730</u>	<u>-</u>	<u>-</u>	<u>109,730</u>
TOTAL OPERATING REVENUE	<u>2,511,915</u>	<u>146,740</u>	<u>74,646</u>	<u>2,733,301</u>
OPERATING EXPENSES				
Purchased power and transmission	1,240,960	-	-	1,240,960
Distribution	236,058	44,593	20,385	301,036
Customer account expenses	209,387	13,317	7,240	229,944
Administrative & general	503,278	31,403	11,136	545,817
Depreciation expense	184,712	13,874	16,890	215,476
Taxes	<u>174,000</u>	<u>5,205</u>	<u>976</u>	<u>180,181</u>
TOTAL OPERATING EXPENSES	<u>2,548,395</u>	<u>108,392</u>	<u>56,627</u>	<u>2,713,414</u>
INCOME (LOSS) FROM OPERATIONS	<u>(36,480)</u>	<u>38,348</u>	<u>18,019</u>	<u>19,887</u>
NON-OPERATING REVENUE (EXPENSE)				
Dividend Income	91,009	-	-	91,009
Interest and penalties	7,032	919	344	8,295
Gain on sale of assets	2,855	-	-	2,855
Interest Expense	<u>(42,995)</u>	<u>(5,506)</u>	<u>(3,932)</u>	<u>(52,433)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>57,901</u>	<u>(4,587)</u>	<u>(3,588)</u>	<u>49,726</u>
INCREASE IN NET POSITION	21,421	33,761	14,431	69,613
NET POSITION, BEGINNING OF YEAR	<u>546,172</u>	<u>287,610</u>	<u>527,186</u>	<u>1,360,968</u>
NET POSITION, END OF YEAR	<u>\$ 567,593</u>	<u>\$ 321,371</u>	<u>\$ 541,617</u>	<u>\$ 1,430,581</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended December 31, 2020

	Business-Type Activities			
	Electric	Water	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,309,035	\$ 143,144	\$ 13,368	\$ 2,465,547
Cash receipts from other services and rental income	156,553	-	-	156,553
Cash payments from customer deposits	(209,387)	(13,317)	(7,240)	(229,944)
Cash payments for taxes	(174,000)	(5,205)	(976)	(180,181)
Cash payments to employees including benefits	(450,932)	(27,914)	(9,392)	(488,238)
Cash payments to suppliers	<u>(1,477,018)</u>	<u>(44,593)</u>	<u>(20,385)</u>	<u>(1,541,996)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>154,251</u>	<u>52,115</u>	<u>(24,625)</u>	<u>181,741</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions and construction of capital projects	(3,562)	(1,162,572)	(543,758)	(1,709,892)
Principal payments on short-term debt	(13,551)	101,889	99,728	188,066
Proceeds from sale of assets	2,855	-	-	2,855
Proceeds from short-term notes	-	1,026,686	520,846	1,547,532
Principal payments on long-term debt	(123,760)	-	(103,660)	(227,420)
Interest paid	<u>(42,995)</u>	<u>(5,506)</u>	<u>-</u>	<u>(48,501)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(181,013)</u>	<u>(39,503)</u>	<u>(26,844)</u>	<u>(247,360)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest and dividends	98,041	919	344	99,304
Restricted cash	<u>(155)</u>	<u>-</u>	<u>-</u>	<u>(155)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>97,886</u>	<u>919</u>	<u>344</u>	<u>99,149</u>
NET INCREASE (DECREASE) IN CASH	71,124	13,531	(51,125)	33,530
CASH - BEGINNING OF YEAR	<u>70,982</u>	<u>496</u>	<u>72,368</u>	<u>143,846</u>
CASH - END OF YEAR	<u>\$ 142,106</u>	<u>\$ 14,027</u>	<u>\$ 21,243</u>	<u>\$ 177,376</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 For the Year Ended December 31, 2020

	Business-Type Activities			
	Electric	Water	Wastewater	Total
Reconciliation of operating income (loss) to net cash Provided (used) by operating activities				
Operating income (loss)	\$ (36,480)	\$ 38,348	\$ 18,019	\$ 19,887
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	184,712	13,874	16,890	215,476
(Increase)Decrease in:				
Accounts receivable, net	(22,896)	(25,623)	(162)	(48,681)
Investments	(60,844)	-	-	(60,844)
Inventories	528	(1,675)	-	(1,147)
Deferred outflows	(10,754)	(717)	(358)	(11,829)
Increase(Decrease) in:				
Accounts payable	45,509	(14,024)	(95)	31,390
Customer deposits	(341)	5,506	-	5,165
Accrued expenses and other liabilities	(25,476)	-	3,933	(21,543)
Due to other funds	18,568	32,220	(64,954)	(14,166)
Deferred inflows	(1,625)	(108)	(55)	(1,788)
Net Pension Liability	64,725	4,314	2,157	71,196
Unearned revenue	(1,375)	-	-	(1,375)
Net cash provided/(used) by operating activities	<u>\$ 154,251</u>	<u>\$ 52,115</u>	<u>\$ (24,625)</u>	<u>\$ 181,741</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS
 December 31, 2020

	Trust Fund
<u>ASSETS</u>	
Cash	\$ 42,377
Investments	51,645
TOTAL ASSETS	\$ 94,022
 <u>LIABILITIES AND NET POSITION</u>	
NET POSITION	
Restricted	94,022
TOTAL NET POSITION	94,022
TOTAL LIABILITIES AND NET POSITION	\$ 94,022

See Accompanying Notes to the Financial Statements

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF CHANGES IN NET POSITION -
 FIDUCIARY FUNDS
 For the Year Ended December 31, 2020

	<u>Trust Fund</u>
ADDITIONS	
Investment Income	\$ 7,781
TOTAL ADDITIONS	<u>7,781</u>
DEDUCTIONS	
Trust Expenses	507
TOTAL DEDUCTIONS	<u>507</u>
CHANGE IN NET POSITIONS	7,274
NET POSITION, BEGINNING OF YEAR	<u>86,748</u>
NET POSITION, END OF YEAR	<u><u>\$ 94,022</u></u>

See Accompanying Notes to the Financial Statements

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Hyde Park, Vermont, (the Village) has adopted the accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (“GASB”), the accepted standard setting body for establishing accounting and financial reporting principles for government units.

The Village was incorporated under the laws of the State of Vermont in 1894. The Village operates under a charter and all governmental authority rests with the citizens of the Village. The citizens elect officers and a Board of Trustees annually. The Board of Trustees is responsible for the operation of the Village. As authorized by its charter, the Village provides public safety, water, electric, sewer, public improvements, planning, zoning, real and personal property tax assessment, and general administrative services to the residences and businesses within the limits of Hyde Park, Vermont.

The Board of Trustees of the Village adopted the following policies, which are consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

Reporting Entity: The Village, for financial reporting purposes, includes all of the funds relevant to the operations of the Village of Hyde Park, Vermont. The financial statements presented herein do not include entities which have been formed under applicable state laws or separate and distinct units of government apart from the Village of Hyde Park, Vermont.

The Village of Hyde Park Board of Trustees (“Board”) is the basic level of government, which has oversight responsibility and control over all activities related to the Village. The Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined in GASB pronouncements, since Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

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.

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

Fiduciary funds consist of the Bliss Library Trust Fund to be used for the library.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements: The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information of the Village as a whole excluding fiduciary funds. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines, and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Interfund activities between governmental funds appear as due to/from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and proprietary funds remain as due to/due from on the Government-wide Statement of Net Position.

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to the Village departments. Proprietary funds also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year they are assessed. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers all revenues available if they are collected within sixty (60) days after year-end except those receivables related to reimbursements for costs incurred under contracts and grants. The time period for these receivables is based on the terms of the agreements.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Property taxes, electric usage fees, sewer usage fees, and water usage fees are recognized under the susceptible to accrual concept in accordance with Governmental Accounting Standards Board (GASB) pronouncements. Revenues received from the State of Vermont are also recognized when susceptible to accrual. Miscellaneous revenues and fees are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant.

Net Position and Fund Balance:

Government-Wide Financial Statements

Net position on the Statement of Net Position include the following:

Net investment in capital assets – The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grants, or laws and regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted – The difference between the assets and liabilities that is not reported in net position invested in capital assets or restricted net position.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board, which is the Village's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes voter-approved reservations and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances on other governmental funds.

When both restricted and unrestricted fund balances are available for use, it is the Village's policy to use restricted funds first, then unrestricted funds. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Basis of Presentation: The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental Funds

These funds are used to account for the programs and activities of the governmental functions of the Village.

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

Enterprise Funds – Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Electric, Sewer, and Water Funds are reported as enterprise funds.

Capital Assets: The Village's property, plant, equipment, and infrastructure with useful lives of more than three years are stated at historical cost and comprehensively reported in the government-wide financial statements. The Village maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated.

The Village generally capitalizes assets with a cost of \$1,000 or more and have an estimated useful life of three (3) years for materials, goods, and services as purchase and construction outlays occur. Infrastructure improvements will be evaluated by whether or not they are for maintenance, replacement, or new assets, as maintenance will not be considered capital. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. The Village uses a class of service procedure for all assets within an asset type. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	25-50
Sidewalks and crosswalks	15
Equipment	5-20
Vehicles	5-30
Sewer and water lines	15-30
Electric utility plant	10-40

During the year ended, December 31, 2020, depreciation expense was \$184,712 in the Electric Fund, \$30,942 in the General Fund, \$13,874 in the Water Fund and \$16,890 in the Wastewater Fund.

Delinquent Property Taxes Receivable: Delinquent taxes receivable represent property taxes outstanding as of December 31, 2020. The Village has the legal right to force sale of the property to recover these taxes and the value of the properties exceed the amount of delinquent taxes; therefore, no allowance for doubtful accounts has been recognized.

Accounts Receivable Electric Usage Fees, Sewer Usage Fees, and Water Usage Fees: These balances represent electric fees, sewer fees, and water fees outstanding as of December 31, 2020. The Village has the legal right to force sale of the property to recover the electric, sewer, and water fees. The value of the properties exceeds the amount of delinquent fees; therefore, no allowance for doubtful accounts has been recognized.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Village programs. The Village has adopted GASBs No. 84 for the reporting and classification of its fiduciary activities. Fiduciary reporting focus is on net position and changes in net position and are reported using the accrual basis of accounting.

The Village's fiduciary funds are presented in the fiduciary fund financial statements. Because by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Unbilled Revenues: The Village records electric revenues and water revenues related to unbilled amounts based upon usage from the last reading date of the last month of the calendar year to the end of the accounting period. Consumption usage for unbilled revenue for electric is recorded to the corresponding revenue accounts in the accounting period of usage. Unbilled revenue for the sewer for the last month of the calendar year is recorded in the following month.

Inventories: Supplies and materials are expensed as the items are acquired except for the enterprise funds. The Sewer, Electric, and Water Funds record inventories valued at moving average cost and is recorded as expenditures at the time items are consumed.

Investments: Investments are shares of stock of Velco and Vermont Transco, LLC. The investments are reported at cost because they are not publicly traded and market values are not readily determinable.

Due To/From Other Funds: Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are also described as "due to/from other funds."

Regulatory Accounting: The Village utility operations, including accounting records, rates, operations and certain other practices of its electric utility business are subject to the regulatory authority of the Federal Energy Regulatory Commission (FERC) and Vermont Public Service Board (VPSB). The Vermont Department of Public Service (DPS) is the public advocate for utility customers. The accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to rate-regulated enterprises in accordance with ASC Topic 980, "Regulated Operation." Under ASC 980, The Village accounts for certain transactions in accordance with permitted regulatory treatment. As such, regulators may permit incurred costs or benefits, typically treated as expenses or income by unregulated entities, to be deferred and expensed or benefited in future periods. Costs are deferred as regulatory assets when the Village concludes that future revenue will be provided to permit recovery of the previously incurred cost. Revenue may also be deferred as regulatory liabilities that would be returned to customers by reducing future revenue requirements. The Village analyzes the evidence supporting deferral, including provisions for recovery in regulatory orders, past regulatory precedent, other regulatory correspondence, and legal representations.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Customer Deposits: The Electric Fund collects a deposit from each customer at the time service is executed. This deposit with accrued interest is held in escrow until one year elapses and is then returned to the customer by being applied to the customer's account, providing they have maintained an adequate credit rating. Interest is recognized at a constant rate for each calendar year and is equal to the prime lending rate as reported by the Federal Reserve Bank of New York on November 1, of the proceeding calendar year minus 2%.

Revenue Recognition - Property Taxes: The Village is responsible for assessing, collecting, and distributing property taxes in accordance with state statutes. Property taxes are billed in one installment based on the assessed value of property.

Property taxes are assessed based on the appraised value of the property as of April 1. Taxes were levied at a rate of \$.088 per \$100 of assessed value on a total grand list of \$41,415,800 on July 1 and were due and payable on October 15. All unpaid taxes assessed become delinquent October 16.

Property tax revenues are recognized when they are levied because they are considered to be both measurable and available. Available includes those property tax receivables expected to be collected within sixty (60) days after year-end.

Budgetary Accounting: The Village Charter establishes the fiscal year as the twelve-month period ending December 31. The Village Clerk/Treasurer submits to the Board of Trustees a budget of estimated expenditures and revenues for the General Fund prior to the Village annual meeting held in May of each year. The Board of Trustees presents their approved budget according to Charter and Statute requirements. The budget is enacted by the approval of voters at the annual meeting held in May. The VOHP Clerk/Treasurer is authorized to transfer budget amounts between line items within the General Fund; however, the Board of Trustees must approve any revisions that alter the total expenditures of the General Fund.

Compensated Absences: Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Village. Employees must use all vacation time during the calendar year; however, if employees are unable to use all vacation available to them during the calendar year they may be eligible to be paid 75% of the hours remaining. Eligibility for the cash payment of excess vacation hours requires an employee to use a minimum of two weeks of vacation time during the calendar year. Employees will only be paid for hours in excess of the two-week period. If employees fail to take the two-week minimum vacation, the hours for that period of time are forfeited.

NOTE 2 CASH AND CASH EQUIVALENTS

For financial statement reporting purposes, cash equivalents are defined as all bank deposits original maturities of three (3) months or less. The Village invests funds according to Vermont State Statutes and has not adopted a formal deposit policy.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 CASH AND CASH EQUIVALENTS (continued)

At December 31, 2020, the carrying amount of the Village's deposits, including certificates of deposit, was \$423,495, and the bank balance was \$409,372. Federal Depository Insurance covers the bank balances to the limit of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts per bank. As of December 31, 2020, the Village's deposits were covered by federal deposit insurance or offset by debt.

At December 31, 2020, the Village had \$13,514 in restricted cash balances for the sidewalk project.

At December 31, 2020, the Village had \$96,043 in restricted cash balances for the solar project. Not all of the money from the bond has been expended; this money is in escrow used only for the solar project. The Village has a three-year time limit from the date at which bond funds were available (February 1, 2016). The Village has received approval from Union Bank to leave the money in a sinking fund until such time as the final expenses for the solar fund are presented.

NOTE 3 RESTRICTED NET POSITION

Restricted net position at December 31, 2020 are as follows:

General Fund:	
Sidewalk Project	\$ 13,514
Elsa French Park	<u>1,784</u>
	<u>\$ 15,298</u>
Electric Fund	
Solar Project	<u>\$ 96,043</u>

When both restricted and unrestricted amounts of net position are available for use for expenditures incurred, it is the Village of Hyde Park, Vermont's policy to use restricted amounts first and unrestricted amounts as they are needed.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 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	\$ 21,676	\$ -	\$ -	\$ 21,676
Construction in progress	<u>20,014</u>	<u>-</u>	<u>-</u>	<u>20,014</u>
Total capital assets, not being depreciated	<u>41,690</u>	<u>-</u>	<u>-</u>	<u>41,690</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 CAPITAL ASSETS (continued)

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Transmission plant	131,359	-	-	131,359
Solar panels	2,984,283	-	-	2,984,283
Distribution plant	1,691,647	-	-	1,691,647
General plant	<u>1,168,132</u>	<u>3,562</u>	<u>(201,716)</u>	<u>969,978</u>
Total capital assets, being depreciated	5,975,421	3,562	(201,716)	5,777,267
Accumulated depreciation for capital assets	<u>(2,864,449)</u>	<u>(184,712)</u>	<u>201,716</u>	<u>(2,847,445)</u>
Total capital assets, being depreciated, net	<u>3,110,972</u>	<u>(181,150)</u>	<u>-</u>	<u>2,929,822</u>
Electric fund, capital assets, net	<u>3,152,662</u>	<u>(181,150)</u>	<u>-</u>	<u>2,971,512</u>
Water Fund:				
Capital assets, not being depreciated				
Construction in progress	<u>170,041</u>	<u>1,162,572</u>	<u>-</u>	<u>1,332,613</u>
Capital assets, being depreciated				
Buildings and improvements	175,867	-	-	175,867
Pipelines and services	301,579	-	-	301,579
Equipment	18,590	-	-	18,590
Meters	<u>41,318</u>	<u>-</u>	<u>-</u>	<u>41,318</u>
Total capital assets, being depreciated	537,354	-	-	537,354
Accumulated depreciation for capital assets	<u>(326,962)</u>	<u>(13,874)</u>	<u>-</u>	<u>(340,836)</u>
Total capital assets, being depreciated, net	<u>210,392</u>	<u>(13,874)</u>	<u>-</u>	<u>196,518</u>
Water fund, capital assets, net	<u>380,433</u>	<u>1,148,698</u>	<u>-</u>	<u>1,529,131</u>
Wastewater Fund:				
Capital assets, not being depreciated				
Land	34,500	-	-	34,500
Construction in progress	<u>144,164</u>	<u>543,757</u>	<u>-</u>	<u>687,921</u>
Total capital assets, not being depreciated	<u>178,664</u>	<u>543,757</u>	<u>-</u>	<u>722,421</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated				
Utility plant- collection system	800,273	-	-	800,273
Utility plant- treatment system	16,728	-	-	16,728
Utility plant- disposal system	25,092	-	-	25,092
Utility plant - pumps	16,868	-	-	16,868
Equipment	<u>20,325</u>	<u>-</u>	<u>-</u>	<u>20,325</u>
Total capital assets, being depreciated	<u>879,286</u>	<u>-</u>	<u>-</u>	<u>879,286</u>
Accumulated depreciation for capital assets	<u>(704,167)</u>	<u>(16,890)</u>	<u>-</u>	<u>(721,057)</u>
Total capital assets, being depreciated, net	<u>175,119</u>	<u>(16,890)</u>	<u>-</u>	<u>158,229</u>
Wastewater fund, capital assets, net	<u>353,783</u>	<u>526,867</u>	<u>-</u>	<u>880,650</u>
Business-type Activities, Capital Assets, Net	<u>\$ 3,886,878</u>	<u>\$ 1,494,415</u>	<u>\$ -</u>	<u>\$ 5,381,293</u>
Governmental activities:				
General Fund:				
Capital assets, not being depreciated				
Land and land rights	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,500</u>
Capital assets, being depreciated				
Building	1,213,588	-	(7,500)	1,206,088
Sidewalks	124,470	-	-	124,470
Sidewalk enhancement	243,395	-	-	243,395
Crosswalks	4,248	-	-	4,248
Other structures	57,868	-	-	57,868
Equipment	<u>4,532</u>	<u>102,560</u>	<u>-</u>	<u>107,092</u>
Total capital assets, being depreciated	<u>1,648,101</u>	<u>102,560</u>	<u>(7,500)</u>	<u>1,743,161</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated depreciation for capital assets				
Building	(996,722)	(7,740)	-	(1,004,462)
Sidewalks	(124,470)	-	-	(124,470)
Sidewalk enhancement	(85,970)	(16,308)	-	(102,278)
Crosswalks	(4,248)	-	-	(4,248)
Other structures	(9,497)	(3,877)	-	(13,374)
Equipment	(1,837)	(3,017)	-	(4,854)
Total accumulated depreciation	(1,222,744)	(30,942)	-	(1,253,686)
Total capital assets, being depreciated, net	425,357	71,618	(7,500)	489,475
General fund, capital assets, net	<u>\$ 431,857</u>	<u>\$ 71,618</u>	<u>\$ (7,500)</u>	<u>\$ 495,975</u>

NOTE 5 NOTE PAYABLE – SHORT-TERM

The following is a summary of changes in short-term debt for the year ended December 31, 2020.

Business-type activities:	Balance 12/31/19	Additions	Principal Repayments	Balance 12/31/20
Electric Fund:				
Note payable, Union Bank due October 16, 2020, interest at 1.98%, secured by equipment	\$ 15,605	\$ -	\$ (15,605)	\$ -
Note payable, Union Bank due October 16, 2021, interest at 1.49%, secured by equipment	-	8,045	-	8,045
Line of Credit, Union Bank due February 14, 2020 interest at 2.23%	460,000	-	(460,000)	-
Line of Credit, Union Bank due February 19, 2021 interest at 2.08%	-	460,000	-	460,000
Note payable, Union Bank due August 9, 2020, interest at 2.14%, secured by equipment	24,848	-	(24,848)	-
Note payable, Union Bank due August 9, 2021, interest at 1.494%, secured by equipment	-	18,857	-	18,857
	<u>\$ 500,453</u>	<u>\$ 486,902</u>	<u>\$ (500,453)</u>	<u>\$ 486,902</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 NOTE PAYABLE – SHORT-TERM (continued)

Business-type activities:	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 12/31/20</u>
Water Fund: Note payable, Union Bank due April 27, 2022, interest at 1.77%, \$4,267,000 available, secured by infrastructure	\$ -	\$ 1,026,686	\$ -	\$ 1,026,686
Wastewater Fund: Note payable, Union Bank due April 27, 2021, interest at 1.66%, \$985,000 available, secured by infrastructure	\$ -	\$ 520,846	\$ -	\$ 520,846
TOTAL BUSINESS-TYPE FUNDS	<u>\$ 500,453</u>	<u>\$ 2,034,434</u>	<u>\$ (500,453)</u>	<u>\$ 2,034,434</u>

NOTE 6 NOTES PAYABLE – LONG TERM

Business-type activities:	<u>Balance 12/31/19</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 12/31/20</u>	<u>Current Portion</u>
Electric Fund: 4.23% Union Bank, annual principal payments of \$123,760 to include interest, paid on February 1st through 2041	\$ 2,722,719	\$ -	\$ (123,760)	\$ 2,598,959	\$ 123,760
TOTAL ELECTRIC FUND LONG-TERM DEBT	<u>2,722,719</u>	<u>-</u>	<u>(123,760)</u>	<u>2,598,959</u>	<u>123,760</u>
Water Fund: 0.00% Vermont State Revolving Fund, \$4,267,000 available, forgiveness of \$1,066,750 annual principal payments of \$30,540, paid on July 1, through 2028	41,000	101,889	-	142,889	-
TOTAL WATER FUND LONG-TERM DEBT	<u>41,000</u>	<u>101,889</u>	<u>-</u>	<u>142,889</u>	<u>-</u>
Wastewater Fund: 0.00% Vermont State Revolving Fund, \$985,000 available, annual principal payments of \$9,336, paid on November 1, through 2027	93,160	-	-	93,160	-

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 NOTES PAYABLE – LONG TERM (continued)

Business-type activities:	Balance 12/31/19	Additions	Principal Repayments	Balance 12/31/20	Current Portion
0.00% Vermont State Revolving Fund, \$35,000 available, annual principal payments of \$3,500, paid on March 1, through 2028	10,500	-	-	10,500	-
TOTAL WASTEWATER FUND LONG-TERM DEBT	103,660	-	-	103,660	-
TOTAL BUSINESS-TYPE FUNDS	\$ 2,867,379	\$ 101,889	\$ (123,760)	\$ 2,845,508	\$ 123,760

The loans in the Water and Wastewater Funds have not been fully drawn.

Schedule maturities of note payable for the electric fund are as follows at December 31, 2020:

	Electric Fund		Water Fund		Wastewater Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 123,760	\$ 26,867	\$ -	\$ -	\$ -	\$ -	\$ 123,760	\$ 26,867
2022	123,760	25,587	-	-	-	-	123,760	25,587
2023	123,760	24,308	-	-	-	-	123,760	24,308
2024	123,760	23,029	-	-	56,016	-	179,776	23,029
2025	123,760	21,749	30,540	-	30,336	-	184,636	21,749
2026-2030	618,800	89,556	30,540	-	17,308	-	666,648	89,556
2031-2035	618,800	57,572	30,540	-	-	-	649,340	57,572
2036-2040	618,800	25,587	30,540	-	-	-	649,340	25,587
2041-2045	123,759	1,279	20,729	-	-	-	144,488	1,279
	\$ 2,598,959	\$ 295,534	\$ 142,889	\$ -	\$ 103,660	\$ -	\$ 2,845,508	\$ 295,534

On October 9, 2019, the Village signed a loan agreement with the Vermont State Revolving Fund for a loan in the amount of \$8,060. The loan is due annually with 0% interest. The loan matures November 1, 2028.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Risk Management: The Village of Hyde Park, Vermont, is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village of Hyde Park, Vermont maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village of Hyde Park, Vermont.

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS

In August of 2018, The Village of Hyde Park Electric Department (HPE) became a direct member of the ISO – New England power market. HPE has also entered into a service contract with Energy New England, LLC to administer and execute power contracts with the ISO – New England power market as HPE's agent.

A brief summary of the major power supply contracts as of December 31, 2020 held by HPE is as follows:

Hydro Quebec Contract:

This contract began on November 1, 2012. HPE's portions vary during different periods, as shown below. This contract will provide very low carbon energy to HPE. Along with energy HPE receives renewable energy credits (RECs) they can use for their Renewable Energy Standard (RES) obligation.

Schedule	Start Date	Final Delivery Date	HPE Entitlement MW
Period 1	11/1/2012	10/31/2015	0.007
Period 2	11/1/2015	10/31/2016	0.088
Period 3	11/1/2016	10/31/2020	0.104
Period 4	11/1/2020	10/31/2030	0.104
Period 5	11/1/2030	10/31/2035	0.107
Period 6	11/1/2035	10/31/2038	0.026

New York Power Authority:

The New York Power Authority provides preference hydroelectric power to New York's neighboring states. Two contracts provide this hydroelectric power from New York to Vermont. The first contract is for 1.0 MW entitlement to the Saint Lawrence project in Massena, New York. The second contract is for a 14.3 MW entitlement from the Niagara project located in Niagara Falls, NY. The Saint Lawrence contract term runs through April 30, 2032 and the Niagara contract through September 1, 2025. The energy, capacity and transmission payments required to deliver these entitlements to Vermont are competitively priced compared to the short and long-term New England power markets.

The extension of Saint Lawrence contract made a significant change to the benefits of the NYPA renewable attributes. After December 23, 2017 VT utilities were no longer entitled to NYPA St. Lawrence RECs. This contract extension reduces the amount of coverage HPE can declare for RES compliance through the NYPA contract.

VEPPI (Vermont Electric Power Producers, Inc.):

Hyde Park receives an allocated percentage of sales aggregated from a group of independent power producer projects (IPPs) under Order 4.100 of the Vermont PUC. The power is generated by several small hydroelectric facilities. There were 19 VEPPI units and as of December 31, 2020 all have expired. VEPPI assigns the energy generated by the facilities using a load ratio basis that compares Hyde Park's electric sales to other utilities in Vermont on an annual basis. Hyde Park's current pro rata share of the VEPPI production is 0.2220%, which started November 1, 2020 and will run through November 30, 2020. The prior percent was used from November 1, 2019 through October 31, 2020 was 0.2133%. The VEPPI contract rates are deemed relatively high against market.

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

Ryegate

Ryegate is a 20 MW wood-fired unit, that was once within the VEPPI 4.100 projects. The VEPPI contract expired on October 31, 2012. The VT utilities negotiated a 10-year contract for power through VEPP Inc. The contract is for both power and renewable energy credits. Hyde Park's allocation for the November 1, 2020 through October 31, 2021 contract year is 0.2360% of unit generation. This contract will terminate on November 1, 2022.

SPEED (Sustainable Prices Energy Enterprise Development):

SPEED Standard Offer is a program established under Vermont Public Utility Commission Rule 4.300. The program's goal is to achieve renewable energy and long-term stably priced contracts. Vermont utilities will purchase power from the SPEED projects. Projects within Standard Offer consist of behind the meter and ISO-NE settlement. Each utility will receive a percent share of each project. Hyde Park's share for November 1, 2019 through October 31, 2020 was 0.2326% and increased to 0.2418% for November 1, 2020 through December 31, 2021. Hyde Park receives a modest capacity credit, and renewable energy credits for the resources. The rate per resource is based on fuel type. The SPEED program started in the fourth quarter of 2010.

In May of 2009, as the SPEED Program progressed and implemented modifications; it changed into the Standard Offer program. This change began with a feed-in-tariff to encourage the development of SPEED resources by contracting for longer terms with fixed prices that would qualify. By May of 2012, the Vermont Energy Act of 2012 expanded the program to 127.5 MW over a 10-year span with a new pricing mechanism for qualified projects. The 2020 RFP for the Standard Offer Program within the Public Utility Commission through Orders in Dockets 7523, 7533, 7780, 7873, 7874, 8817, Case 173935-INV, Case 18-2820-INV and most recently Case No. 19-4466-INV, included the avoided cost price caps. Price caps are subject to a location and fuel type.

NextEra – Seabrook offtake

Beginning June 1, 2015 and going through December 31, 2034, HPE will receive capacity from the NextEra Seabrook Resource. June 1, 2019 through December 31, 2034, HPE will receive energy from the NextEra Seabrook Resource. The pricing of the product is fixed. The PPA will provide carbon-free generation that will help insulate HPE from the potential for higher carbon prices in the future.

Contract State Date	6/1/2015	6/1/2021	6/1/2029
Final Deliver Date	5/31/2021	5/31/2029	12/31/2034
Hyde Park Entitlement (MW)	0.100	0.083	0.050

The energy portion of the contract began on January 1, 2019 and will go through December 31, 2034.

Contract State Date	1/1/2019	1/1/2021	1/1/2029
Final Deliver Date	12/31/2020	12/31/2028	12/31/2034
Hyde Park Entitlement (MW)	0.100	0.083	0.050

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

Waterhouse Solar

Hyde Park built a 1 MW AC ground mounted photovoltaic generation project. Estimated output is approximately 1,568 MWh per year. This output is 10% of Hyde Park's annual energy requirement. Hyde Park benefits from this project in the ability to use the renewable energy credits towards Tier 2 of the Renewable Energy Standard. The project is a distributed generation, or behind Hyde Park's meter, which provides additional benefits include energy, capacity, and transmission. The project started operation in August 2016.

Hyde Park Bilateral Purchase

Hyde Park has a PPA for monthly shaped block bilateral purchases. The PPA delivery period is from January 17, 2020 through December 31, 2022.

Sources of Energy:

The percentages of energy (kWh) acquired for the year ended December 31, 2019, was as follows:

2020 Total KWh's by Resource							
Resource	Type	MWH	KWH	Resources	Fuel	Location	Date
NYPA - Niagara	Block	1,390	1,389,832	10.5%	Hydro	Roseton	9/1/2025
NYPA - St. Lawrence	Block	25	24,490	0.2%	Hydro	Roseton	4/30/2032
VEPPI-4.1	PURPA	48	47,631	0.4%	Hydro	VT Nodes	12/14/2020
Ryegate	Wood Unit	369	369,684	2.8%	Methane	VT Nodes	
VEPPI - SPEED ISO	Standard Offer	34	34,100	0.3%	Wood	RYGT	11/1/2022
HQ PPA Contract	ISO Bilateral	608	608,252	4.6%	Hydro	HQ Highgate 120	10/31/2038
Bilateral - Seabrook	ISO Bilateral	791	791,114	6.0%	Nuclear	Seabrook 555	12/31/2034
Bilateral - Purchase	ISO Bilateral	6,067	6,066,500	45.9%		Mass Hub	12/31/2022
ISO Energy Net Interchange		<u>2,289</u>	<u>2,289,032</u>	17.3%			
Totals		11,621	11,620,635				
Waterhouse Solar Project	Load Reducer	1,358	1,357,772	10.3%	Solar	Behind the meter	Life of Unit
VEPPI- SPEED BTM	Load Reducer	<u>238</u>	<u>237,674</u>	1.8%	Mix	Behind the meter	
Total		13,217	13,216,081				

Power Costs from all power vendor sources for the year ended December 31, 2020 was as follows:

TOTAL SUPPLY COSTS

NYPA - Niagara	\$ 35,031
NYPA - St. Lawrence	712
VEPPI - 4.1	5,639
Ryegate	38,203
VEPPI - SPEED ISO	5,794
VEPPI - SPEED BTM	50,275
HQ PPA	32,806
Bilateral Purchase - Seabrook	51,427
Purchase	219,955
ISO Energy Net Interchange	<u>270,552</u>
Subtotal Power Supply	<u>710,394</u>

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

TRANSMISSION COSTS

ISO OATT Charges	303,455
GMP Transmission	83,092
Velco '91 Transmission Charges	<u>100,689</u>
Subtotal Transmission	<u>487,236</u>

VPPSA/ENE AND OTHER COSTS

ISO Load Based Charges	5,901
ISO Schedule Charges	33,918
ENE- Mgmt./Consulting	52,800
VELCO Admin Fees	9,522
REC Sale/Purchase	<u>(58,811)</u>
Subtotal VPPSA and Other	<u>43,330</u>

TOTAL POWER SUPPLY AND TRANSMISSION \$ 1,240,960

Renewable Portfolio and upcoming Renewable Energy Standard (RES):

In July 2015, using the 2011 Vermont Comprehensive Energy Plan, the State of Vermont established Act 56 (H. 40) that detailed the State's energy requirements and provide direction on how utilities can participate. The RES requires utilities to buy or retain renewable energy credits and to encourage energy transformation projects. The obligation is calculated using a yearly percentage of retail sales. In lieu of renewable credits or transformation projects, a utility can meet required obligations by paying an alternative compliance payment (ACP) rate set forth by the State. The compliance rates adjust annually for inflation using CPI.

There are three tiers to the RES program:

- Tier I: Meet a 75% by 2032 total renewable energy requirement
 - Total renewable energy requirement started in 2017 at 55%
 - Requirements increase by 4% every three years
 - Other approved State units are the Hydro Quebec bilateral and NYPA Niagara contract
- Tier II: Meet 10% of sales with distributed generation in 2032
 - Total renewable energy requirement started in 2017 at 1%
 - Requirement increasing by three-fifths of a percent each year
 - New Vermont based unit that is 5MWs or less of renewable generation

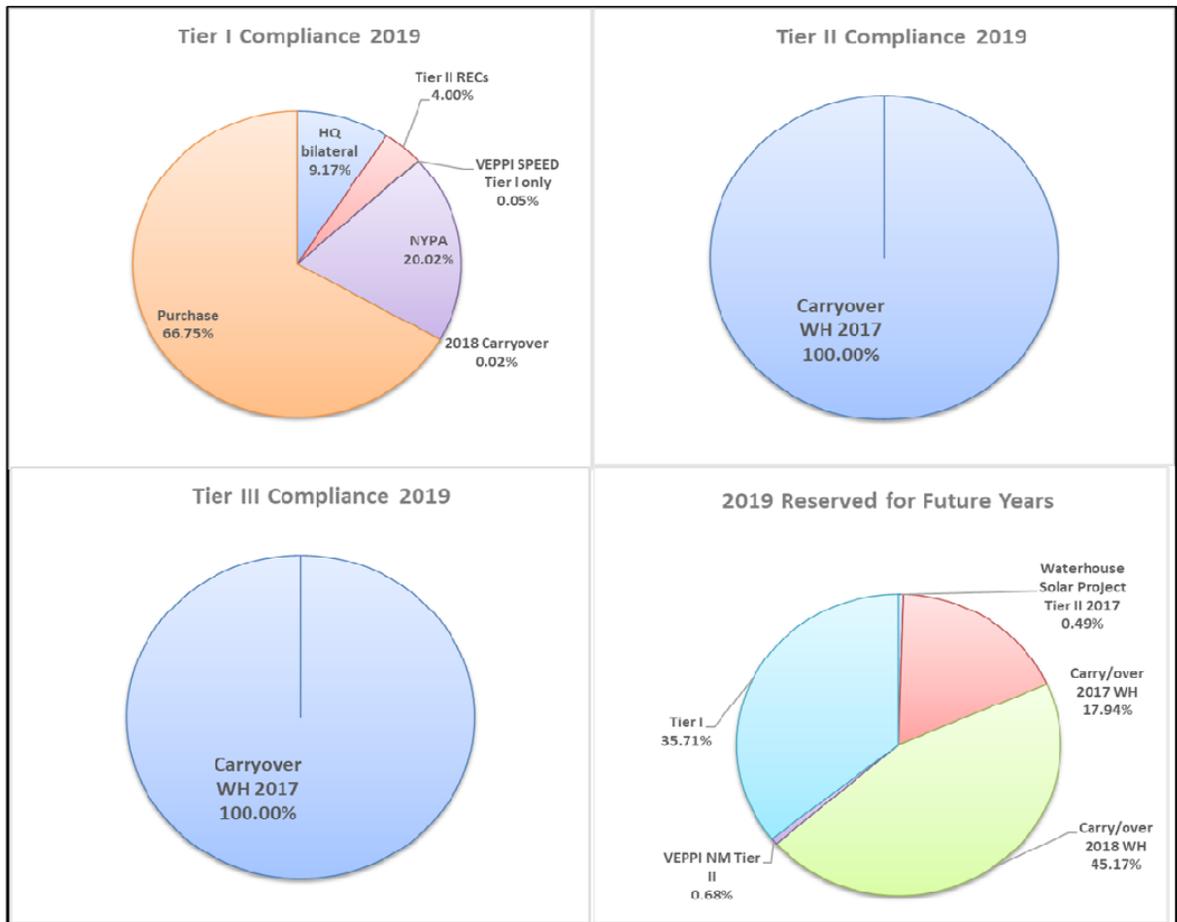
Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

- Tier III: Meet 10 2/3% of sales with "energy transformation projects" in 2032
 - Total renewable energy requirements started in 2019 at 2%
 - Increasing by two-thirds of a percent each year
 - Excess Tier II-qualifying distributed generation qualifies for Tier III compliance

2019 RES Compliance

August 2020, Hyde Park filed their third RES compliance. Hyde Park's compliance by category for Tier I, Tier II and Tier II RES and excess reserved for future obligation are seen in the charts below.



Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 9 INVESTMENTS MEASURED AT COST

The Village of Hyde Park, Vermont Electric Fund has three types of investments in VELCO, VT Transco, LLC, and Blackrock Investments those it owns directly and those owned by Vermont Public Power Supply Authority (VPPSA) on its behalf. Under the Federal Energy Regulatory Commission (FERC) order, income from investments owned directly by Village of Hyde Park, Vermont is accounted for as distribution income. Income from investments owned by VPPSA on Village of Hyde Park, Vermont's behalf is accounted for as investment by others, in compliance with the PSB accounting order.

Village of Hyde Park, Vermont accounts for investments in VELCO and VT Transco, LLC at costs, with returns of capital recorded as a reduction in costs of common stock.

Village of Hyde Park, Vermont accounts for investments in Blackrock at market value, with returns of capital recorded as a dividend income. The Village signed an uncertificated securities control agreement with ISO New England, Inc. for these investments to cover monthly purchase power payments. The Village may only invest these funds in permitted investments and amounts are pledged to ISO New England in the event of default.

VELCO - Class B Common Stock Shares - 3	\$ 300
VELCO - Class B Common Stock Shares - 400	40,000
VELCO - Class B Common Stock Shares - 9	900
VELCO - Class C Common Stock Shares - 210	21,000
VELCO - Class C Common Stock Shares -11	1,100
VELCO - Class C Common Stock Shares -14	1,400
VT Transco, LLC - Class A - Membership Units 5,955	59,550
VT Transco, LLC - Class A - Membership Units 7,578	<u>75,780</u>
Total units owned and held by the Village	200,030
VT Transco, LLC Units owned by VPPSA on the Village's behalf	286,189
Blackrock investments	<u>165,339</u>
TOTAL INVESTMENTS ELECTRIC FUND	<u>\$ 651,558</u>

NOTE 10 INVESTMENTS MEASURED AT FAIR MARKET VALUE

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of December 31, 2020:

Fiduciary Fund:	
Nationwide Fund Institutional Service Class	<u>\$51,645</u>

The Village investment policy is to comply with Vermont State Law.

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 11 PENSION PLAN

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 Hyde Park, Vermont's proportional share of the overall amounts of the VMERS plan. Village of Hyde Park, Vermont's portion has been allocated based on Village of Hyde Park, Vermont's proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Village of Hyde Park, Vermont's reporting date December 31, 2020 and for the Village of Hyde Park, Vermont's reporting period (the year ended December 31, 2020). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of December 31, 2020, the State has chosen to use the end of the prior fiscal year (June 30, 2019) as the measurement date, and the year ended June 30, 2019 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2018, to the measurement date of June 30, 2019.

Schedule A – Employer Allocation as of June 30, 2018

Fiscal Year Ended June 30, 2018		
Employer Contributions	Employer Proportion	Net Pension Liability
\$ 26,324	0.1503%	\$ 211,420

Fiscal Year Ended June 30, 2018			
Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Discount Rate)	Net Pension Liability 1% Increase (8.95% Discount Rate)
\$ 66,279	\$ (4,751)	\$ 358,099	\$ 92,131

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 PENSION PLAN (continued)

Schedule B – Employers’ Allocation as of June 30, 2019

Fiscal Year Ended June 30, 2019		
Employer Contributions	Employer Proportion	Net Pension Liability
\$ 31,378	0.1633%	\$ 283,336

Fiscal Year Ended June 30, 2019			
Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.50% Discount Rate)	Net Pension Liability 1% Increase (8.50% Discount Rate)
\$ 75,763	\$ (2,946)	\$ 464,629	\$ 133,260

Schedule C – Employers’ Allocation as of June 30, 2019

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	Total Deferred Outflows
0.16331%	\$ 283,336	\$ 36,709	\$ 9,460	\$ -	\$ 19,298	\$ 10,296	\$ 75,763

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Difference Between Employer Contributions and Proportionate Share of Total Contributions	Total Deferred Inflows
\$ -	\$ -	\$ -	\$ -	\$ (497)	\$ (2,946)

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 11 PENSION PLAN (continued)

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 90,303	\$ 1,703	\$ 92,006

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

Fiscal Year					
2020	2021	2022	2023	2024	Thereafter
\$ 27,537	\$ 15,779	\$ 17,480	\$ 12,021	\$ -	\$ -

Schedule E – Contribution History for Fiscal Years 2017-2019

FY 2019	FY 2018	FY 2017
\$ 31,378	\$ 26,324	\$ 24,614

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

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

Plan Description

The Vermont Municipal Employees’ Retirement System is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution’s operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2019, the retirement system consisted of 379 participating employers.

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

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 11 PENSION PLAN (continued)

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

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

Summary of System Provisions

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

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

Service Retirement Allowance

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

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

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

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

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 PENSION PLAN (continued)

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

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

Early Retirement Allowance

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

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

Vested Retirement Allowance

Eligibility 5 years of service.

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

Disability Retirement Allowance

Eligibility 5 years of service and disability as determined by Retirement Board.

Amount Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

Death Benefit

Eligibility Death after 5 years of service.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 PENSION PLAN (continued)

Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
Optional Benefit and Death after Retirement	For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
Post-Retirement Adjustments	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.
Retirement Stipend	\$25 per month payable at the option of the Board of retirees

Member Contributions	Group	Effective 7/1/19	For Fiscal year ended 6/30/19
	Group A	2.75%	2.625%
	Group B	5.125%	4.000%
	Group C	10.25%	10.125%
	Group D	11.600%	11.475%
Employer Contributions	Group	Effective 7/1/19	For Fiscal year ended 6/30/19
	Group A	4.25%	4.125%
	Group B	5.75%	5.625%
	Group C	7.50%	7.375%
	Group D	10.100%	9.975%

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 PENSION PLAN (continued)

Significant Actuarial Assumptions and Methods

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

Salary Increases: 5.00% per year

Mortality:

Death in Active Service:

Groups A, B and C: 98% of RP-2006 Mortality Tables, blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using scale SSA-2017

Group D: 100% of RP-2006 Blue Collar Mortality Table with generation projection using scale SSA-2017

Healthy Post-retirement:

Groups A, B and C: 98% of RP-2006 Mortality Table, blended 60% Blue Collar Employee, 40% Healthy Annuitant with generational projection using scale SSA-2017

Group D: 100% of RP-2006 Blue Collar Annuitant Table with generational projections using scale SSA-2017

Disabled Post-retirement:

All Groups – RP- 2006 Disabled Morality Table with generational projection using scale SSA-2017.

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

Cost-of-Living Adjustments: 1.15% for Group A members and 1.30% for Groups B, C and D members. The January 1, 2019 and January 1, 2020 COLAs are 1.30% and 0.80%, respectively, for all groups.

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

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

Inflation: 2.50%

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

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 PENSION PLAN (continued)

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bond	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%
	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectation that employers will continue to contribute at the rates set by the Board, which exceed the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the entity's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 464,629	\$ 283,336	\$ 133,260

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 12 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Balances at December 31, 2020, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 51,443	\$ -
Electric Fund	-	223,391
Water Fund	-	93,631
Wastewater Fund	265,579	-
TOTAL	\$ 317,022	\$ 317,022

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.

NOTE 13 OPERATING LEASE

During the year ended, December 31, 2020, the Village leased land for \$14,775 per year. The lease commenced May 21, 2015 and continues until May 21, 2040. The lease expense as of December 31, 2020 was \$14,775. The future minimum lease payments are as follows:

2021	\$ 14,775
2022	14,775
2023	14,775
2024	14,775
2025	14,775
2026-2030	73,875
2031-2035	73,875
2036-2040	73,875
Total	\$ 295,500

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 14 RISKS AND UNCERTAINTIES

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact and the duration cannot be reasonably estimated at this time. In March 2020, the Governor of Vermont declared a state of emergency and issued an order to close all nonessential businesses. The closure lasted for months and has still not completely resumed. Some businesses continue to be impacted due to restrictions in operations and the requirement for at least partial student remote learning. Due to the uncertainty of the effect of the virus and whether there could be a resurgence, possible effects may include, but are not limited to, disruption to the Village's cash flow and receivable collections, absenteeism in the Village's labor workforce, unavailability of products and supplies used in operations, and decline in value of assets held by the Village including inventories, property and equipment and marketable securities.

NOTE 15 EXCESS EXPENDITURES OVER APPROPRIATIONS

The Generals Fund's expenditures exceeded budgeted amounts by \$92,065. The excess was partially offset by revenues that exceeded budgeted amounts by \$10,949 and loan proceeds of \$120,560.

NOTE 16 SUBSEQUENT EVENTS

In accordance with professional account standards, the Village has evaluated subsequent events through April 12, 2021, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2020, have been incorporated in these financial statements herein.

Subsequent to the year-end, on January 29, 2021, the Village of Hyde Park, Vermont, signed a note payable for \$250,000 at 1.35% with a local bank. The note is due January 29, 2022.

Subsequent to the year-end on February 17, 2021, the Village of Hyde Park, Vermont, signed a tax anticipation note for \$460,000 at 1.19% with a local bank. The note is due February 18, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Hyde Park, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 35,958	\$ 35,958	\$ 33,555	\$ (2,403)
Charges for service	22,595	22,595	30,725	8,130
Grants	309	309	3,731	3,422
Miscellaneous	300	300	-	(300)
Interest	2	2	102	100
TOTAL REVENUES	59,164	59,164	68,113	8,949
EXPENDITURES				
General government and administrative	37,584	37,584	8,030	29,554
Streets and sidewalks	19,500	19,500	19,248	252
Street lights	5,400	5,400	6,495	(1,095)
Recreation	2,000	2,000	216	1,784
Capital outlays	-	-	120,560	(120,560)
TOTAL EXPENDITURES	64,484	64,484	154,549	(90,065)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(5,320)	(5,320)	(86,436)	(81,116)
OTHER FINANCING SOURCES AND USES				
Loan Proceeds	-	-	120,560	120,560
Debt Payments	-	-	(15,978)	(15,978)
TOTAL OTHER FINANCING SOURCES AND USES	-	-	104,582	104,582
NET CHANGE IN FUND BALANCE	\$ (5,320)	\$ (5,320)	\$ 18,146	\$ 23,466

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended December 31, 2020

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Village's proportion of the net pension liability (asset)	1.0134%	0.1593%	0.1593%	0.1519%	0.1507%	0.1503%	0.1633%
Village's proportionate share of the net pension liability (asset)	<u>\$ 50,558</u>	<u>\$ 14,542</u>	<u>\$ 119,253</u>	<u>\$ 195,479</u>	<u>\$ 182,609</u>	<u>\$ 211,420</u>	<u>\$ 283,336</u>
Village's covered-employee payroll	<u>\$ 287,351</u>	<u>\$ 304,035</u>	<u>\$ 316,714</u>	<u>\$ 331,051</u>	<u>\$ 360,693</u>	<u>\$ 378,529</u>	<u>\$ 440,782</u>
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	17.59%	4.78%	37.65%	59.05%	50.63%	55.85%	64.28%
Plan fiduciary net position as a percentage of the total pension liability	-92.71%	-98.32%	-87.42%	-80.95%	-83.64%	-82.60%	-80.35%

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. There were no changes in methods or assumptions during the year ended December 31, 2020.

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 For the Year Ended December 31, 2020

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contributions (Actuarially Determined)	\$ 16,669	\$ 20,554	\$ 21,622	\$ 23,085	\$ 24,614	\$ 26,324	\$ 31,378
Contributions in Relation to the Actuarially Determined Contributions	<u>16,669</u>	<u>20,554</u>	<u>21,622</u>	<u>23,085</u>	<u>24,614</u>	<u>26,324</u>	<u>31,378</u>
Covered Employee Payroll	<u>\$ 287,351</u>	<u>\$ 304,035</u>	<u>\$ 316,714</u>	<u>\$ 331,051</u>	<u>\$ 360,693</u>	<u>\$ 378,529</u>	<u>\$ 440,782</u>
Contributions as a Percentage of Covered Employee Payroll	5.80%	6.76%	6.83%	6.97%	6.82%	6.95%	7.12%

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. There were no changes in methods or assumptions during the year ended December 31, 2020.

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont

ADDITIONAL REPORTS REQUIRED BY
THE SINGLE AUDIT ACT

December 31, 2020

Village of Hyde Park, Vermont
 SCHEDULE OF SCHEDULE OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

<u>Federal Granter/ Pass-through Granter/ Program Title</u>	<u>Pass Through Grantor Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
DEPARTMENT OF NATURAL RESOURCES			
Passes through State of Vermont			
Department of Natural Resources			
	RF3-386-3.0	66.468	\$ 853,277
	RF1-200-3.0	66.458	<u>435,006</u>
			<u>\$ 1,288,283</u>

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal award activity of Village of Hyde Park, Vermont under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Village of Hyde Park, Vermont it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Village of Hyde Park, Vermont

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICILIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Village of Hyde Park, Vermont has elected to use the 10 percent de minimus direct cost rate as allowed under the Uniform Guidance because no indirect costs were allowed under the federal awards

NOTE 3 REVOLVING LOANS

The Village expended \$1,288,283 in federal funds for loan programs. The Village is funding expenditure through short term notes. As of December 31, 2020, \$246,549 had been drawn on the federal loans. The loan proceeds are 80% federal.