

Village of Hyde Park, Vermont

FINANCIAL STATEMENTS

December 31, 2023

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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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Hyde Park, Vermont, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village of Hyde Park, Vermont's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Hyde Park, Vermont, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

A handwritten signature in dark ink, reading "Kaitell Brannagan" followed by a stylized flourish and the word "Sargent".

St. Albans, Vermont
May 8, 2024

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

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, 2023 (FY 2023). 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 Village 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 2023 to note for further discussion, as follows:

Total net position as of December 31, 2023 decreased \$61,613 compared to a decrease of \$260,773 in FY 2022.

- Net position of General Fund (governmental) activities increased by \$10,655 compared to a decrease of \$970 in FY 2022.
- The Village property tax rate of \$.090 per \$100 of property value for FY 2023 generated revenue of \$37,591. The Village property tax rate of \$.090 per \$100 of property value in FY 2022 generated revenue of \$37,281.
- The market value of the grand list increased to \$41,767,413 in FY 2023 from \$41,423,200 in FY 2022, 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) decreased \$72,268 for FY 2023, as compared to a decrease of \$259,803 in FY 2022.
- Charges for electric services increased by \$74,982 from the prior year, while expenses increased \$157,051.
- Water and wastewater business-type activities, combined charges for services increased \$142,510 from the prior year, while expenses decreased by \$127,619.

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

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.

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.

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

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.

FINANCIAL ANALYSIS - VOHP AS A WHOLE

For FY 2023, VOHP combined net position decreased \$72,268 as compared to a decrease of \$260,773 in FY 2022. 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>2023 Totals</u>	<u>2022 Totals</u>	<u>Increase (Decrease)</u>
Cash and cash equivalents	\$ 130,648	\$ 418,117	\$ 548,765	\$ 610,718	\$ (61,953)
Other assets	215,617	956,016	1,171,633	706,104	465,529
Restricted assets	13,568	96,443	110,011	109,904	107
Investments	-	793,196	793,196	735,934	57,262
Capital assets, net	388,299	6,502,471	6,890,770	7,144,684	(253,914)
Deferred Outflows	<u>2,249</u>	<u>222,629</u>	<u>224,878</u>	<u>91,354</u>	<u>133,524</u>
Total Assets and Deferred Outflows	<u>750,381</u>	<u>8,988,872</u>	<u>9,739,253</u>	<u>9,398,698</u>	<u>340,555</u>
Debt	45,204	6,277,827	6,323,031	6,612,339	(289,308)
Other liabilities	5,899	1,600,508	1,067,856	761,271	845,136
Unearned revenue	133,377	15,125	148,502	159,719	(11,217)
Deferred Inflows	<u>14</u>	<u>1,343</u>	<u>1,357</u>	<u>143,800</u>	<u>(142,443)</u>
Total Liabilities and Deferred Inflows	<u>184,494</u>	<u>7,894,803</u>	<u>8,079,297</u>	<u>7,677,129</u>	<u>402,168</u>
Net Position	<u>\$ 565,887</u>	<u>\$ 1,049,069</u>	<u>\$1,659,956</u>	<u>\$1,721,569</u>	<u>\$ (61,613)</u>

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

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	\$ 555,232	\$ 1,166,337	\$ 1,721,569
Net Position – Ending	<u>565,887</u>	<u>1,094,337</u>	<u>1,659,569</u>
Change in Net Position	<u>\$ 10,655</u>	<u>\$ (72,869)</u>	<u>\$ (61,613)</u>

VOHP's total revenue increased to \$3,431,909 in FY 2023 as compared to FY 2022 revenue of \$3,196,733 an increase of \$235,176. 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.

Governmental Activities Revenue and Expenses

Total revenues for VOHP's governmental activities increased \$443 this year while total expenses decreased \$10,769. In FY 2023, the tax rate was assessed as \$.090 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 will have to be considered.

The cost of all governmental activities, excluding capital outlays and depreciation, was \$21,235 for FY 2023 as compared \$49,531 for FY 2022. 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 \$37,591. The cost was paid partially by other funds in the amount of \$33,174 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

<u>Governmental Activities</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
General government & administration	\$ 8,332	\$ 29,708	\$ (21,376)
Streets and sidewalk	47,726	11,730	35,996
Street lights	6,085	6,093	(8)
Village Services/Parks	<u>463</u>	<u>2,000</u>	<u>(1,537)</u>
Total Governmental Activities	<u>\$ 62,606</u>	<u>\$ 49,531</u>	<u>\$ 13,075</u>

Business-Type Activities Revenue and Expenses

Total operating revenues of VOHP's business-type activities have increased over FY 2022 revenues by \$217,492, and overall operating expenses have increased by \$29,462, over the prior year. The factors driving these results include:

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

Revenue

Charges for electric service increased \$61,635 from the prior year. Water and Wastewater charges for service increased by approximately 15% over 2022 due to annual step increases to water and wastewater rates and temporary legal defense expense recovery revenues.

Expenses

Electric expenses increased by \$157,081 to \$3,033,171 as compared to \$2,876,090 in FY 2022. Regulatory requirements related to consulting and legal fees contributed to the increase in 2023 expenses. Purchase power and transmission costs continue to be the largest expense of the VOHP's business-type activities. These expenses increased to \$1,693,603 in FY 2023 from \$1,671,028 in FY 2022, a 1% increase, and were a result of continual upward pressures coming from market and regulatory influences. Water and Wastewater expenses decreased to \$321,100 in FY 2023 from \$448,719 in FY 2022, a difference of \$127,619, partially due to changes in operational costs and reductions of legal defense costs associated with the water rate structure implemented in 2020.

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 total fund balance of \$221,086, which is an increase of \$37,825 over the FY 2022 fund balance of \$183,261. Of this fund balance, \$15,352 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>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Total Operating Revenues	<u>\$ 2,627,422</u>	<u>\$ 2,552,440</u>	<u>\$ 74,982</u>
Expenses:			
Purchased power, transmission and distribution	1,877,544	1,889,205	(11,661)
Customer accounts	230,181	272,976	(42,795)
Administrative and general	619,930	419,355	200,575
Depreciation expenses	127,854	108,608	19,246
Taxes	<u>177,662</u>	<u>185,946</u>	<u>(8,284)</u>
Total Operating Expenses	<u>3,033,171</u>	<u>2,876,090</u>	<u>157,081</u>
 Operating Income (Loss)	 (405,749)	 (323,650)	 (82,099)
Non-operating income	<u>52,296</u>	<u>60,313</u>	<u>(8,017)</u>
 Change in net position	 <u>\$ (353,453)</u>	 <u>\$ (263,337)</u>	 <u>\$ (90,116)</u>

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

- Hyde Park Electric (HPE) provides services to about 1,430 retail customers in the Towns of Hyde Park and Johnson, 86% are residential, and the balance are small commercial, public facilities and street lighting.
- Three-Phase service exists within the Village and parts of the Town of Hyde Park including to North Hyde Park and the National Guard facilities.
- HPE connects to the transmission system of Green Mountain Power. The distribution system includes approximately 54 miles of aerial lines and 9 miles of underground lines within a service territory of about 18 square miles.
- Commercially, HPE serves several municipal, county, state, and educational institutions. They represent approximately 28.5% of our retail sales in 2023.
- In late November and early December 2023, winter storms hampered service to customers. That said, HPE, in striving to maintain system reliability, right-of-way clearing expenses were \$6,940. 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 41,754 out of a possible 12,316,500 total. Of the customer hours out, 90% related to incidents relating to trees.

WATER DEPARTMENT

Statement of Revenue, Expenditures, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Total Operating Revenues	\$ 452,021	\$ 317,713	\$ 134,308
Expenses:			
Distribution	56,627	55,597	1,030
Customer accounts	11,639	17,484	(5,845)
Administrative and general	45,198	172,829	(127,631)
Depreciation expenses	96,986	97,295	(309)
Taxes	<u>5,267</u>	<u>5,963</u>	<u>(696)</u>
Total Operating Expenses	<u>215,717</u>	<u>349,168</u>	<u>(133,451)</u>
Operating Income (Loss)	236,304	(31,455)	267,759
Non-operating income(expense)	<u>847</u>	<u>865</u>	<u>(18)</u>
Change in net position	<u>\$ 237,151</u>	<u>\$ (30,590)</u>	<u>\$ 267,741</u>

As the County Seat of Lamoille County, fire flow protection and safe and reliable drinking water are integral to the health of the Region as a whole. HP Water District serves homes, public facilities and businesses within the Village and Town.

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

WASTEWATER DEPARTMENT

Statement of Revenue, Expenditures, and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Total Operating Revenues	<u>\$ 159,920</u>	<u>\$ 151,718</u>	<u>\$ 8,202</u>
Expenses:			
Distribution	36,697	30,353	6,344
Customer accounts	6,850	9,706	(2,856)
Administrative and general	14,974	12,314	2,660
Depreciation expenses	45,926	45,925	1
Taxes	<u>936</u>	<u>1,253</u>	<u>(317)</u>
Total Operating Expenses	<u>105,383</u>	<u>99,551</u>	<u>5,832</u>
Operating Income (Loss)	54,537	52,167	2,370
Non-operating income(expenses)	<u>(10,503)</u>	<u>(18,043)</u>	<u>7,540</u>
Change in net position	<u>\$ 44,034</u>	<u>\$ 34,124</u>	<u>\$ (9,910)</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 2023, VOHP has net capital assets of \$7,144,679. See Pages 22-24 of the Notes to Financial Statements for details. Of the \$311,307 total depreciation expense charged to 2023 expenses, \$40,541 was charged to the governmental activities. The remaining \$270,766 is charged to the business-type activities.

MAJOR PROJECTS AND INITIATIVES

UTILITY DEPARTMENTS

In 2023, HPE conducted an engineering study to provide for increased capability to serve net-metering interests. The study indicated that an upgrade to the Main Substation would be required to allow for increased generation to be brought onboard. HPE was having discussions with GMP to facilitate the upgrade, however, due to the lack of response, HPE has asked the engineering firm to identify other upgrade solutions to remedy the need.

The Village has also moved to replace its current customer service software platform. The current software no longer meets the performance needs of the Village's operational requirements. The platform being considered will be able to address needs across the four (4) village departments.

HPE and HPW are also investigating the possibility of moving to an AMI metering platform. Currently, meter reading and processing can take staff upwards of a third of a month's labor time. This reduces the time available for utility maintenance and new service applications from occurring. A smart meter setup will provide electronic reading and more efficient data processing of the readings to the invoicing. The metering will also provide the utility opportunity to offer new or advanced energy services to customers.

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

HPW began an effort to identify solutions for addressing the ongoing deficiency established by the State of Vermont. The State has notified the water system that its reservoir and spring house wellhouse infrastructure is deficient and needs to be renovated. The water system hired an engineering consultant to identify and scope possible remediation to the stated deficiency. The engineering report is expected to be delivered in May/June 2024, with a completion date in late 2025 or early 2026.

In 2023, the HPWW system had an inspection report which identified some deficiencies in System 1 relating to collapsed infrastructure within the system. HPWW secured a contractor to provide pump station coverage while the infrastructure was repaired in 2024.

ECONOMIC FACTORS AND RATES

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.

- Effective with service beginning in the month of October 2023, HPE's retail electric rates were increased two percent (2%). Due to the structure of the mid-month billing cycles set by the utility, invoicing of these rates started in the billing going out in December 2023.

HPE has pressures related to maintaining competitive compensation, supply chain disruptions and inflation. Fairly compensating, retaining and recruiting utility employees requires maintaining competitive wages and benefits compared to other Vermont utilities. HPE is observing many workforce challenges including the lack of qualified utility employees within the state and it is exacerbated by difficulty in recruiting out of state and getting potential employees to relocate to Vermont. Supply chain disruptions are also a significant concern with the lead time for transformers growing from 6 months to 30 months or more depending on the type.

In 2023, the system hit a winter peak demand of 2.904 MW at 7 p.m. on February 3, compared with a 2022 peak of 2.690 MW at 6 p.m. on January 11. While HPE still maintains itself as a traditional winter peaking utility, peak demands are shifting into the summer due to the increase in air conditioning.

Hyde Park Electric meets a significant share of its load with its 100% owned Hyde Park Waterhouse Solar Project, generating 1,140 MWh in 2023. There was a drop in production year to year from 2022 to 2023. The reduction was due to prolonged production outage in March of 2023 due to the failure of some of the site equipment and the increase in weather influences (cloud cover and increased rains) during the July to October time period.

The following factors can additionally apply upward pressure on rates. They are, but not limited to, increased transmission costs, net metering expense, regulatory burdens, increased cost to operate, taxes, weather, market-based energy expense, and equipment failure.

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

HPE's customer demands, which are served through the HPE substation, are comprised of three major cost components: Energy, Capacity and Transmission. Energy prices are decided through a variety of negotiated bilateral transactions and/or market conditions. Some energy deals are system-based delivery options (without regard to the performance of a specific unit) or could be energy from a specific unit. HPE utilizes a combination of system and unit-based resources so that the diversity of energy can provide a reliable delivery at a relatively stable and forecastable price. The near-term outlook is stable for energy and 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, the largest is Regional Network Service (RNS). RNS is the service over the Pool Transmission Facilities (those transmission facilities essential to delivering electricity throughout New England). These are monthly charges based on HPE's regional network load value at VELCO's peak. Additionally, HPE's power supply and transmission costs have additional ancillary components as well that are set in accordance with good utility practice and regulatory setting agencies.

LIEN ON REAL ESTATE 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.

WATER

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 County lawsuit challenging the Water rate structure approved by the Board of Trustees settled in 2022. Restructured rates were in effect March 1, 2023. An annual 3% increase is effective each subsequent year. Each year the annual increase will be determined by revenue requirements and action by the Trustees.

WASTEWATER

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 County lawsuit challenging the Water rate structure approved by the Board of Trustees settled in 2022. Restructured rates were in effect March 1, 2023. An annual 3% increase is effective each subsequent year. Each year the annual increase will be determined by revenue requirements and action by Trustees. The wastewater system was required to employ a certified wastewater operator in 2021.

RETAIL RATES, FEES AND CHARGES

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

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

LIEN ON REAL ESTATE

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, 2023

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS:			
Cash	\$ 130,648	\$ 418,117	\$ 548,765
Investments	-	793,196	793,196
Accounts receivable, net	5,349	430,437	435,786
Unbilled revenues	-	86,339	86,339
Inventories	-	145,101	145,101
Due from other funds	210,268	294,139	504,407
TOTAL CURRENT ASSETS	346,265	2,167,329	2,513,594
CAPITAL ASSETS, net	388,299	6,502,471	6,890,770
RESTRICTED CASH	13,568	96,443	110,011
TOTAL ASSETS	748,132	8,766,243	9,514,375
DEFERRED OUTFLOWS OF RESOURCES	2,249	222,629	224,878
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 750,381</u>	<u>\$ 8,988,872</u>	<u>\$ 9,739,253</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 20	\$ 369,086	\$ 369,106
Customer deposits	-	87,559	87,559
Accrued expenses and other liabilities	342	36,137	36,479
Accrued interest	-	55,180	55,180
Due to other funds	-	504,407	504,407
Short-term note	-	735,020	735,020
Current portion bonds & notes payable	14,626	275,725	290,351
Unearned revenue	133,377	15,125	148,502
TOTAL CURRENT LIABILITIES	148,365	2,078,239	2,226,604
LONG-TERM LIABILITIES			
Net pension liability	5,537	548,139	553,676
Bonds & notes payable	30,578	5,267,082	5,297,660
TOTAL LONG-TERM LIABILITIES	36,115	5,815,221	5,851,336
TOTAL LIABILITIES	184,480	7,893,460	8,077,940
DEFERRED INFLOWS OF RESOURCES			
VMERS pension	14	1,343	1,357
NET POSITION			
Net investment in capital assets	388,299	959,664	1,347,963
Restricted	15,352	96,443	111,795
Unrestricted	162,236	37,962	200,198
TOTAL NET POSITION	565,887	1,094,069	1,659,956
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 750,381</u>	<u>\$ 8,988,872</u>	<u>\$ 9,739,253</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
VILLAGE-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

					<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs</u>							
Governmental activities:							
General government and administration	\$ 8,332	\$ 570	\$ -	\$ 4,272	\$ (3,490)	\$ -	\$ (3,490)
Streets and sidewalks	47,726	31,730	-	-	(15,996)	-	(15,996)
Recreation	463	-	-	-	(463)	-	(463)
Street lights	6,085	-	-	-	(6,085)	-	(6,085)
Total government activities	<u>\$ 62,606</u>	<u>\$ 32,300</u>	<u>\$ -</u>	<u>\$ 4,272</u>	<u>(26,034)</u>	<u>-</u>	<u>(26,034)</u>
Business-type activities:							
Electric utilities	\$ 3,033,171	\$ 2,627,422	\$ 9,842	\$ -	-	(395,907)	(395,907)
Sewer utilities	105,383	159,920	-	-	-	54,537	54,537
Water utilities	215,717	452,021	-	-	-	236,304	236,304
Total	<u>\$ 3,354,271</u>	<u>\$ 3,239,363</u>	<u>\$ 9,842</u>	<u>\$ -</u>	<u>-</u>	<u>(105,066)</u>	<u>(105,066)</u>
General revenues and expenses:							
Property taxes					37,591	-	37,591
Interest income					874	107,667	108,541
Interest expense					(1,776)	(74,869)	(76,645)
Total general revenues and expenses					<u>36,689</u>	<u>32,798</u>	<u>69,487</u>
Change in Net Position					10,655	(72,268)	(61,613)
Net Position, beginning of year					<u>555,232</u>	<u>1,166,337</u>	<u>1,721,569</u>
Net Position, end of year					<u>\$ 565,887</u>	<u>\$ 1,094,069</u>	<u>\$ 1,659,956</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2023

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 130,648
Due from other funds	210,268
Restricted Cash	<u>13,568</u>
 TOTAL ASSETS	 <u>\$ 354,484</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
 LIABILITIES	
Accounts payable	\$ 20
Unearned revenue	<u>133,378</u>
Due to other funds	
 TOTAL LIABILITIES	 <u>133,398</u>
 FUND BALANCE	
Restricted	15,352
Unassigned	<u>205,734</u>
 TOTAL FUND BALANCE	 <u>221,086</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 354,484</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
FUND FINANCIAL STATEMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2023

Fund balances of government funds	\$ 221,086
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**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	388,299
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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	5,349
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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	(5,537)
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Notes payable	(45,204)
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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.	1,907
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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>(13)</u>
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Net Position of Governmental Activities	<u>\$ 565,887</u>
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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, 2023

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 37,591
Interest and penalties	874
Charges for services	32,000
Other income	300
Grants	<u>4,272</u>
 TOTAL REVENUES	 <u>75,037</u>
EXPENDITURES	
General government and administration	7,502
Streets and sidewalks	7,185
Street lights	6,085
Recreation	<u>463</u>
 TOTAL EXPENDITURES	 <u>21,235</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 53,802
OTHER FINANCING USES	
Debt Payments	<u>(15,977)</u>
 CHANGE IN FUND BALANCE	 37,825
 FUND BALANCE, BEGINNING OF YEAR	 <u>183,261</u>
 FUND BALANCE, END OF YEAR	 <u><u>\$ 221,086</u></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, 2023

Net change in fund balances - governmental funds	\$ 37,825
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**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Decrease in the accounts receivable	(4)
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Repayment of long-term debt are expenditures in the government funds, but the repayment reduces long-term liabilities in the statement of net position	14,201
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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.	(40,541)
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Pension expense	<u>(826)</u>
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Change in Net Position of Governmental Activities	<u>\$ 10,655</u>
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See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2023

ASSETS AND DEFERRED OUTFLOWS

	Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Totals
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash	\$ 65,267	\$ 209,423	\$ 143,427	\$ 418,117
Investments	793,196	-	-	793,196
Accounts Receivable	327,192	76,091	27,154	430,437
Unbilled Revenues	86,339	-	-	86,339
Inventories	115,699	29,402	-	145,101
Due from other funds	-	-	294,139	294,139
TOTAL CURRENT ASSETS	1,387,693	314,916	464,720	2,167,329
CAPITAL ASSETS, net	2,666,643	2,783,249	1,052,579	6,502,471
RESTRICTED CASH	96,443	-	-	96,443
TOTAL ASSETS	4,150,779	3,098,165	1,517,299	8,766,243
DEFERRED OUTFLOWS OF RESOURCES	202,390	13,493	6,746	222,629
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 4,353,169	\$ 3,111,658	\$ 1,524,045	\$ 8,988,872

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES:				
Accounts payable	\$ 364,600	\$ 4,147	\$ 339	\$ 369,086
Customer deposits	87,559	-	-	87,559
Accrued expenses and other liabilities	33,073	2,037	1,027	36,137
Accrued interest	55,180	-	-	55,180
Due to other funds	493,270	11,137	-	504,407
Short term note	735,020	-	-	735,020
Current portion bonds & notes payable	123,760	108,287	43,678	275,725
Unearned revenue	15,125	-	-	15,125
TOTAL CURRENT LIABILITIES	1,907,587	125,608	45,044	2,078,239
LONG-TERM LIABILITIES				
Net pension liability	498,308	33,221	16,610	548,139
Bonds & notes payable	2,103,920	2,359,441	803,721	5,267,082
TOTAL LONG-TERM LIABILITIES	2,602,228	2,392,662	820,331	5,815,221
TOTAL LIABILITIES	4,509,815	2,518,270	865,375	7,893,460
DEFERRED INFLOWS OF RESOURCES	1,221	81	41	1,343
NET POSITION				
Net investment in capital assets	547,598	423,808	248,858	1,220,264
Restricted	96,443	-	-	96,443
Unrestricted	(801,908)	169,499	409,771	(222,638)
TOTAL NET POSITION	(157,867)	593,307	658,629	1,094,069
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 4,353,169	\$ 3,111,658	\$ 1,524,045	\$ 8,988,872

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, 2023

	Enterprise Funds			
	Electric	Water	Wastewater	Total
OPERATING REVENUE				
Charges for services	\$ 2,504,936	\$ 328,900	\$ 159,920	\$ 2,993,756
Rental income	19,410	-	-	19,410
Sales of labor and material	83,223	82	-	83,305
Other operating revenue	19,853	123,039	-	142,892
TOTAL OPERATING REVENUE	2,627,422	452,021	159,920	3,239,363
OPERATING EXPENSES				
Purchased power and transmission	1,693,603	-	-	1,693,603
Distribution	183,941	56,627	36,697	277,265
Customer account expenses	230,181	11,639	6,850	248,670
Administrative & general	619,930	45,198	14,974	680,102
Depreciation expense	127,854	96,986	45,926	270,766
Taxes	177,662	5,267	936	183,865
TOTAL OPERATING EXPENSES	3,033,171	215,717	105,383	3,354,271
INCOME (LOSS) FROM OPERATIONS	(405,749)	236,304	54,537	(114,908)
NON-OPERATING REVENUE (EXPENSE)				
Dividend Income	92,113	-	-	92,113
Interest and penalties	14,033	847	674	15,554
Grant income	9,842	-	-	9,842
Interest Expense	(63,692)	-	(11,177)	(74,869)
TOTAL NON-OPERATING REVENUE (EXPENSE)	52,296	847	(10,503)	42,640
INCREASE (DECREASE) IN NET POSITION	(353,453)	237,151	44,034	(72,268)
NET POSITION, BEGINNING OF YEAR	195,586	356,156	614,595	1,166,337
NET POSITION, END OF YEAR	\$ (157,867)	\$ 593,307	\$ 658,629	\$ 1,094,069

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, 2023

	Business-Type Activities			
	Electric	Water	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,518,646	\$ 282,263	\$ 42,348	\$ 2,843,257
Cash receipts from other services and rental income	122,486	123,121	-	245,607
Cash payments for customer account services	(230,181)	(11,639)	(6,850)	(248,670)
Cash payments for taxes	(177,662)	(5,267)	(936)	(183,865)
Cash payments to employees including benefits	(509,764)	(41,684)	(12,119)	(563,567)
Cash payments to suppliers	(1,553,862)	(142,615)	(36,697)	(1,733,174)
 NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	 169,663	 204,179	 (14,254)	 359,588
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions and construction of capital projects	(43,863)	(13,535)	-	(57,398)
Proceeds from short-term notes	753,020	-	-	753,020
Principal payments on short-term debt	(758,301)	-	-	(758,301)
Principal payments on long-term debt	(123,760)	(106,675)	(39,391)	(269,826)
Interest paid	(63,692)	-	(11,177)	(74,869)
 NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 (236,596)	 (120,210)	 (50,568)	 (407,374)
 CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest and dividends	55,898	848	675	57,421
Grant receipt	9,842	-	-	9,842
Transferred to Investments	(7,010)	-	-	(7,010)
Restricted cash	(86)	-	-	(86)
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 58,644	 848	 675	 60,167
 NET INCREASE (DECREASE) IN CASH	 (8,289)	 84,817	 (64,147)	 12,381
 CASH - BEGINNING OF YEAR	 73,556	 124,606	 207,574	 405,736
 CASH - END OF YEAR	 \$ 65,267	 \$ 209,423	 \$ 143,427	 \$ 418,117

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, 2023

	Business-Type Activities			
	Electric	Water	Wastewater	Total
Reconciliation of operating income (loss) to net cash Provided (used) by operating activities				
Operating income (loss)	\$ (405,749)	\$ 236,304	\$ 54,537	\$ (114,908)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	127,854	96,986	45,926	270,766
(Increase)Decrease in:				
Accounts receivable, net	9,638	(16,308)	(7,652)	(14,322)
Prepaid expenses	10,351	-	-	10,351
Unbilled revenues	(8,341)	-	-	(8,341)
Inventories	(56,653)	(114)	-	(56,767)
Increase(Decrease) in:				
Accounts payable	161,471	(83,196)	339	78,614
Customer deposits	13,788	(30,329)	-	(16,541)
Accrued expenses and other liabilities	31,793	-	(6,741)	25,052
Due to other funds	208,513	(2,678)	(103,518)	102,317
Unearned revenue	(1,375)	-	-	(1,375)
Net cash provided/(used) by operating activities	<u>\$ 169,663</u>	<u>\$ 204,179</u>	<u>\$ (14,254)</u>	<u>\$ 359,588</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
FUND FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
December 31, 2023

	<u>Trust Fund</u>
<u>ASSETS</u>	
Cash	\$ 2,328
Investments	<u>109,049</u>
 TOTAL ASSETS	 <u>\$ 111,377</u>
 <u>LIABILITIES AND NET POSITION</u>	
NET POSITION	
Restricted	<u>\$ 111,377</u>
 TOTAL NET POSITION	 <u>111,377</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 111,377</u>

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, 2023

	<u>Trust Fund</u>
ADDITIONS	
Investment Income	<u>\$ 1,633</u>
TOTAL ADDITIONS	<u>1,633</u>
DEDUCTIONS	
Unrealized Gain/ (Loss)	(14,582)
Realized Gain/(Loss)	<u>(467)</u>
TOTAL DEDUCTIONS	<u>(15,049)</u>
CHANGE IN NET POSITIONS	16,682
NET POSITION, BEGINNING OF YEAR	<u>94,695</u>
NET POSITION, END OF YEAR	<u><u>\$ 111,377</u></u>

See Accompanying Notes to the Financial Statements

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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, 2023

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, 2023

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.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 2023

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, 2023, depreciation expense was \$127,854 in the Electric Fund, \$40,541 in the General Fund, \$96,986 in the Water Fund and \$45,926 in the Wastewater Fund.

Delinquent Property Taxes Receivable: Delinquent taxes receivable represent property taxes outstanding as of December 31, 2023. 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, 2023. 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, 2023

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, water and wastewater revenues related to unbilled amounts based upon estimated usage from the last read date to the end of the period. Consumption usage for unbilled revenue for all funds is recorded to the corresponding revenue accounts in the accounting period of usage.

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 Utilities Commission (PUC). 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, 2023

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 \$.09 per \$100 of assessed value on a total grand list of \$41,767,413 on July 1 and were due and payable on August 31. All unpaid taxes assessed become delinquent September 1.

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, 2023

NOTE 2 CASH AND CASH EQUIVALENTS (continued)

At December 31, 2023, the carrying amount of the Village's deposits, including certificates of deposit, was \$659,782, and the bank balance was \$732,093. 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, 2023, the Village's deposits were covered by federal deposit insurance or offset by debt.

At December 31, 2023, the Village had \$15,352 in restricted cash balances for a sidewalk project and Elsa French Park.

At December 31, 2023, the Village had \$96,443 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 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

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 INVESTMENTS MEASURED AT COST (continued)

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	410,567
Blackrock Money Market	<u>182,599</u>
 TOTAL INVESTMENTS ELECTRIC FUND	 <u>\$ 793,196</u>

NOTE 4 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, 2023:

Fiduciary Fund:

Level 1 - Edward Jones	<u>\$109,049</u>
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The Village investment policy is to comply with Vermont State Law.

NOTE 5 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Balances at December 31, 2023, were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 210,268	\$ -
Electric Fund	-	493,270
Water Fund	-	11,137
Wastewater Fund	<u>294,139</u>	<u>-</u>
 TOTAL	 <u>\$ 504,407</u>	 <u>\$ 504,407</u>

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Electric Fund:				
Capital assets, not being depreciated				
Land and land rights	\$ 21,676	\$ -	\$ -	\$ 21,676
Construction in progress	20,014	-	-	20,014
Total capital assets, not being depreciated	41,690	-	-	41,690
Capital assets, being depreciated				
Transmission plant	131,359	-	-	131,359
Solar panels	2,984,283	-	-	2,984,283
Distribution plant	1,691,647	17,866	-	1,709,513
General plant	999,967	25,997	-	1,025,964
Total capital assets, being depreciated	5,807,256	43,863	-	5,851,119
Accumulated depreciation for capital assets	(3,098,312)	(127,854)	-	(3,226,166)
Total capital assets, being depreciated, net	2,708,944	(83,991)	-	2,624,953
Electric fund, capital assets, net	2,750,634	(83,991)	-	2,666,643
Water Fund:				
Capital assets, not being depreciated				
Construction in progress	2,565	3,661	-	6,226
Capital assets, being depreciated				
Buildings and improvements	2,946,412	2,847	-	2,949,259
Pipelines and services	310,090	7,027	-	317,117
Equipment	18,590	-	-	18,590
Meters	41,318	-	-	41,318
Total capital assets, being depreciated	3,316,410	9,874	-	3,326,284
Accumulated depreciation for capital assets	(452,275)	(96,986)	-	(549,261)
Total capital assets, being depreciated, net	2,864,135	(87,112)	-	2,777,023
Water fund, capital assets, net	2,866,700	(83,451)	-	2,783,249

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Wastewater Fund:				
Capital assets, not being depreciated				
Land	34,500	-	-	34,500
Construction in progress	<u>966,373</u>	<u>-</u>	<u>(966,373)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,000,873</u>	<u>-</u>	<u>(966,373)</u>	<u>34,500</u>
Capital assets, being depreciated				
Utility plant- collection system	802,492	-	-	802,492
Utility plant- treatment system	16,728	-	-	16,728
Utility plant- disposal system	25,092	-	-	25,092
Utility plant - pumps	16,868	-	-	16,868
System II Project	-	966,373	-	966,373
Equipment	<u>18,825</u>	<u>-</u>	<u>-</u>	<u>18,825</u>
Total capital assets, being depreciated	<u>880,005</u>	<u>966,373</u>	<u>-</u>	<u>1,846,378</u>
Accumulated depreciation for capital assets	(782,373)	(45,926)	-	(828,299)
Total capital assets, being depreciated, net	<u>97,632</u>	<u>920,447</u>	<u>-</u>	<u>1,018,079</u>
Wastewater fund, capital assets, net	<u>1,098,505</u>	<u>920,447</u>	<u>(966,373)</u>	<u>1,052,579</u>
Business-type Activities, Capital Assets, Net	<u>\$ 6,715,839</u>	<u>\$ 753,005</u>	<u>\$ (966,373)</u>	<u>\$ 6,502,471</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	1,206,088	-	-	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>126,164</u>	<u>-</u>	<u>-</u>	<u>126,164</u>
Total capital assets, being depreciated	<u>1,762,233</u>	<u>-</u>	<u>-</u>	<u>1,762,233</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Accumulated depreciation for capital assets				
Building	(1,019,942)	(7,740)	-	(1,027,682)
Sidewalks	(124,470)	-	-	(124,470)
Sidewalk enhancement	(134,894)	(16,308)	-	(151,202)
Crosswalks	(4,248)	-	-	(4,248)
Other structures	(28,160)	(3,877)	-	(32,037)
Equipment	(28,179)	(12,616)	-	(40,795)
Total accumulated depreciation	(1,339,893)	(40,541)	-	(1,380,434)
Total capital assets, being depreciated, net	422,340	(40,541)	-	381,799
General fund, capital assets, net	\$ 428,840	\$ (40,541)	\$ -	\$ 388,299

NOTE 7 NOTES PAYABLE – SHORT-TERM

The following is a summary of changes in short-term debt for the year ended December 31, 2023.

Business-type activities:	Balance 12/31/22	Additions	Principal Repayments	Balance 12/31/23
Electric Fund:				
Line of Credit, Union Bank due February 18, 2023 interest at 1.15% - revenue anticipation	\$ 710,000	\$ -	\$ (710,000)	\$ -
Line of Credit, Union Bank due February 18, 2024 interest at 4.75% - revenue anticipation	-	710,000	-	710,000
Line of Credit, Union Bank due April 21, 2023 interest at 1.99% - equipment purchase	24,000	-	(24,000)	-
Line of Credit, Union Bank due April 19, 2024 interest at 4.99% - equipment purchase	-	18,000	(18,000)	-
Note payable, Union Bank due July 13, 2024 interest at 5.95% - equipment purchase	-	25,020	-	25,020
Note payable, Union Bank due August 9, 2021 interest at 1.494%, secured by equipment	6,301	-	(6,301)	-
TOTAL BUSINESS-TYPE FUNDS	\$ 740,301	\$ 753,020	\$ (758,301)	\$ 735,020

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 NOTES PAYABLE – LONG TERM

	Balance 12/31/22	Additions	Principal Repayments	Balance 12/31/2023	Current Portion
Governmental activities:					
General Fund					
2.95% John Deere Financial, annual payments of \$15,978 to include interest, due September 2020 through 2026	\$ 59,405	\$ -	\$ (14,201)	\$ 45,204	\$ 14,626

Schedule maturities of note payable for the general fund are as follows at December 31, 2023:

	Principal	Interest	Total
2024	\$ 14,626	\$ 1,352	\$ 15,978
2025	15,063	914	15,977
2026	15,515	464	15,979
	<u>\$ 45,204</u>	<u>\$ 2,730</u>	<u>\$ 47,934</u>

	Balance 12/31/22	Additions	Principal Repayments	Balance 12/31/23	Current Portion
Business-type activities:					
Electric Fund:					
4.23% Union Bank, annual principal payments of \$123,760 to include interest, paid on February 1st through 2041	\$ 2,351,440	\$ -	\$ (123,760)	\$ 2,227,680	\$ 123,760
 TOTAL ELECTRIC FUND LONG-TERM DEBT	 <u>2,351,440</u>	 <u>-</u>	 <u>(123,760)</u>	 <u>2,227,680</u>	 <u>123,760</u>

Water Fund:

0.00% Vermont State Revolving Fund, \$8,060 available, annual principal payments of \$1,612 paid on November 1, 2024 - 2028	8,060	-	-	8,060	1,612
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Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 NOTES PAYABLE – LONG TERM (continued)

	Balance 12/31/22	Additions	Principal Repayments	Balance 12/31/23	Current Portion
Business-type activities:					
Water Fund: (continued):					
0.00% Vermont State Revolving Fund, \$4,267,000 available, forgiveness of \$1,066,750, annual principal payments of \$106,675, paid on August 1, through 2051	2,566,343	-	(106,675)	2,459,668	106,675
 TOTAL WATER FUND LONG-TERM DEBT	 2,619,329	 -	 (106,675)	 2,467,728	 108,287
Wastewater Fund:					
0.00% Vermont State Revolving Fund, \$985,000 available, annual payments of \$57,385 includes 2% administrative fee, paid on August 1, 2022 through 2041	869,073	-	(39,391)	829,682	40,178
0.00% Vermont State Revolving Fund, \$35,000 available, annual principal payments of \$3,500, paid on March 1, 2024 - 2028	17,717	-	-	17,717	3,500
 TOTAL WASTEWATER FUND LONG-TERM DEBT	 886,790	 -	 (39,391)	 847,399	 43,678
 TOTAL BUSINESS-TYPE ACTIVITIES	 \$ 5,857,559	 -	 \$ (269,826)	 \$ 5,542,807	 \$ 275,725

The loans in the Water and Wastewater Funds have not been fully drawn. Schedule maturities of notes payable for the business-type activities are as follows at December 31, 2023:

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 NOTES PAYABLE – LONG TERM (continued)

	Electric Fund		Water Fund		Wastewater Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Fees	Principal	Interest & Fees
2024	\$ 123,760	\$ 25,853	\$ 108,287	\$ -	\$ 43,678	\$ 16,403	\$ 275,725	\$ 42,256
2025	123,760	23,606	108,287	-	44,482	15,583	276,529	39,189
2026	123,760	22,981	108,287	-	45,302	14,747	277,349	37,728
2027	123,760	21,544	108,287	-	46,138	13,894	278,185	35,438
2028	123,760	21,126	108,287	-	46,990	13,024	279,037	34,150
2029-2033	618,800	75,483	533,375	-	231,068	51,453	1,383,243	126,936
2034-2038	618,800	44,778	533,375	-	254,879	26,947	1,407,054	71,725
2039-2043	371,280	12,793	533,375	-	134,862	3,353	1,039,517	16,146
2043-2047	-	-	326,168	-	-	-	326,168	-
	<u>\$ 2,227,680</u>	<u>\$ 248,164</u>	<u>\$ 2,467,728</u>	<u>\$ -</u>	<u>\$ 847,399</u>	<u>\$ 155,404</u>	<u>\$ 5,542,807</u>	<u>\$ 403,568</u>

NOTE 9 RESTRICTED NET POSITION

Restricted net position at December 31, 2023 are as follows:

General Fund:

Sidewalk Project	\$ 13,568
Elsa French Park	<u>1,784</u>
	<u>\$ 15,352</u>

Electric Fund

Solar Project	<u>\$ 96,443</u>
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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 10 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 signed 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 summary of the major power supply contracts as of December 31, 2023, held by HPE is as follows:

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 10 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

Hydro Quebec Contract:

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

Contract Start Date	11/1/2012	11/1/2015	11/1/2016	11/1/2020	11/1/2030	11/1/2035
Final Deliver Date	10/31/2012	10/31/2016	10/31/2020	10/31/2030	10/31/2035	10/31/2038
Hyde Park Entitlement (MW)	0.007	0.088	0.104	0.104	0.107	0.026

New York Power Authority:

The New York Power Authority provides preference hydroelectric power to New York's neighboring states. Two contracts provide 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.

Ryegate:

Ryegate is a 20 MW wood-fired unit, which was once within the VEPPI 4.100 projects. The VEPPI contract expired on October 31, 2012. 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, 2023, through October 31, 2024, contract year is 0.2527% of unit generation. The last contract terminated on November 1, 2022. A contract extension was negotiated and terminated on April 30, 2023. The Ryegate contract has been extended after the last termination and now will continue through November 1, 2032.

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, 2023, through October 31, 2024, contract year is 0.2591%. Hyde Park receives a modest capacity credit, and renewable energy credit for its resources. The rate per resource is based on fuel type.

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.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 10 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

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 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 location and fuel type.

NextEra – Seabrook offtake

Beginning January 1, 2015, and through December 31, 2034, Hyde Park will receive energy, capacity, and renewable attributes as contracted for within the PPA. Table 4 for lists the capacity MW allotment for the contract. Table 5 lists the energy MW allocation for the terms of the contract. Energy rates are set at a fixed cost. This contract also provides Hyde Park with the Emissions Free Energy Certificates (“EDECs”). These qualify for RES compliance.

Capacity MW Allotment

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

Energy MW Allotment

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

On April 5, 2021, there was an amendment made to the allotment of the energy and capacity received through allocation from Vermont Public Power. The schedule is below.

Capacity MW Allotment

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	0.086	0.053

Energy MW Allotment

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	0.086	0.053

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.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 10 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

Great River Hydro

Hyde Park contracted a PPA for generation and RECs from the Moore Dam and Great River Hydro projects. Four of the five hydro units began on January 1, 2023. The fifth generator was scheduled to begin on January 1, 2023; however, supply chain and steel worker availability delayed it until November 1, 2023. It will terminate on December 31, 2037.

Hyde Park Bilateral Purchase

Hyde Park has a PPA for monthly shaped block bilateral purchases. The PPA delivery period is from January 1, 2022, through December 31, 2024

Sources of Energy:

The percentages of energy (kWh) acquired for the year ended December 31, 2023, was as follows:

2023 Total KWh's by Resource							
Resource	Type	MWH	KWH	Resources	Fuel	Location	Date
NYPA - Niagara	Block	1,163	1,162,990	8.10%	Hydro	Roseton	9/1/2025
NYPA - St. Lawrence	Block	32	32,475	0.23%	Hydro	Roseton	4/30/2032
Ryegate	Wood Unit	396	396,587	2.76%	Wood	RYGT	11/1/2032
VEPPI- SPEED ISO Settlement	SPEED	17	16,760	0.12%	Methane	VT Nodes	Life of Unit
HQ PPA Contract	ISO Bilateral	606	605,696	4.22%	Hydro	HQ Highgate 120	10/31/2038
Bilateral - Seabrook	Bilateral	652	651,794	4.54%	Nuclear	Seabrook 555	12/31/2034
Bilateral Purchase	ISO Bilateral	6,108	6,107,700	42.52%		Mass Hub	12/31/2024
Great River Hydro	PPA	1,125	1,125,161	7.83%	Hydro	Moore	12/31/2027
ISO Energy Net Interchange		2,842	2,842,053	19.79%			
Totals		12,941	12,941,216				
Waterhouse Solar Project	Load Reducer	1,140	1,139,501	7.93%	Solar	Behind the meter	Life of Unit
VEPPI- SPEED BTM	Load Reducer	282	281,968	1.96%	Mix	Behind the meter	
Total		14,363	14,362,685				

Power Costs from all power vendor sources for the year ended December 31, 2023 was as follows:

TOTAL SUPPLY COSTS

NYPA - Niagara	\$ 41,815
NYPA - St. Lawrence	1,041
Ryegate	44,008
VEPPI-SPEED ISO	2,426
VEPPI- SPEED BTM	54,845
HQ PPA	40,135
Bilateral Purchase - Seabrook	46,769
Great River Hydro	68,153
Purchase	419,845
ISO Energy Net Interchange	208,621
Subtotal Power Supply	<u>927,658</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 10 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

TRANSMISSION COSTS

ISO OATT Charges	343,693
GMP Transmission	93,655
Velco '91 Transmission Charges	138,192
Subtotal Transmission	<u>575,540</u>

ENE AND OTHER COSTS

ISO Load Based Charges	73,619
ISO Schedule Charges	44,286
ENE- Mgmt./Consulting	58,500
VELCO Admin Fees	9,940
REC Sale/Purchase	4,060
Subtotal VPPSA and Other	<u>190,405</u>

TOTAL POWER SUPPLY AND TRANSMISSION	<u>\$ 1,693,603</u>
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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:

The Tier I category establishes the first requirement of renewable energy in Hyde Park's portfolio. Hyde Park can claim any class of REC that has a New England qualification.

- Requirement to reach 75% of Tier I classification by 2032.
- Total renewable energy requirement started in 2017 at 55%.
- Requirements increase by 4% every three years.
- The Hydro Quebec bilateral and NYPA contracts that have been executed by the State of Vermont also qualify although the power originates outside of New England.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 10 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

The Tier II category is for distributed generation. Tier II helps support the reliability of the electric system and helps with transmission constraints. Resources must be 5 MW or less and directly connected to the Vermont utilities sub transmission or distribution system. Hyde Park's 1 MW solar project provides qualification requirements for Tier II. Projects that are greater than 5 MW name plate are required to receive State approval to qualify for this category.

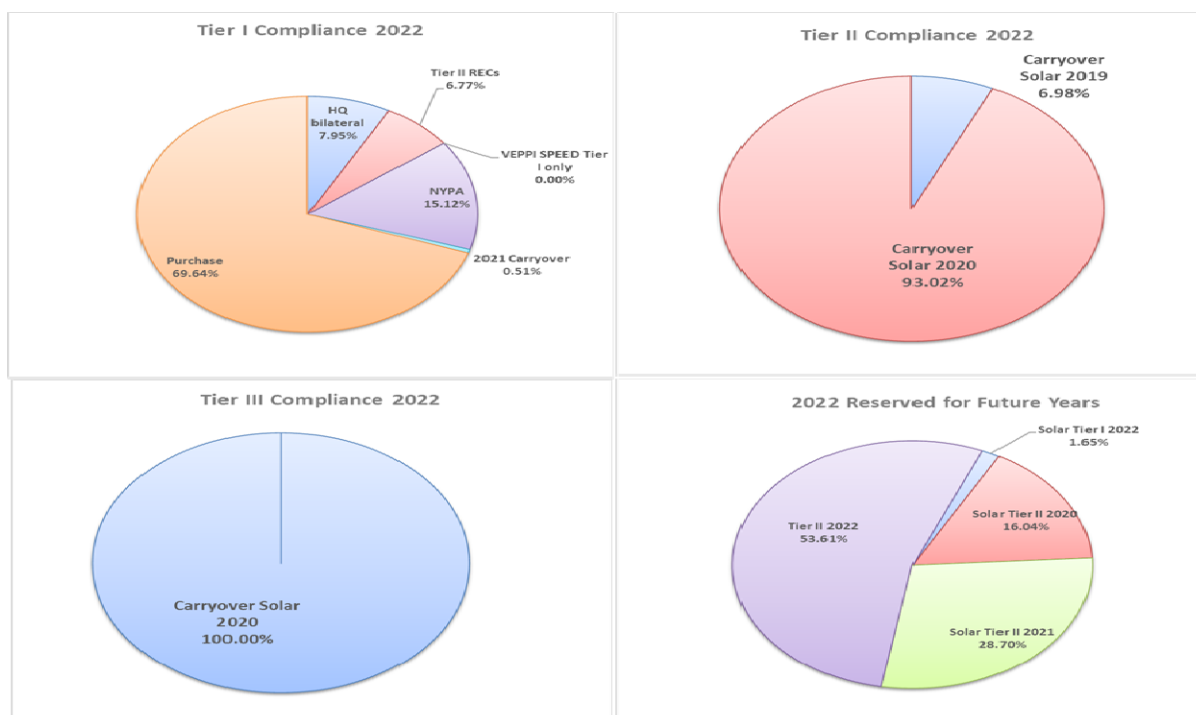
- Requirement to reach 10% of Tier II classification by 2032.
- Total renewable energy requirement started in 2017 at 1%.
- Requirements increasing by three-fifths of a percent each year.

The Tier III category is for energy transformation projects. Tier III encourages projects that will help reduce fossil fuel consumption and greenhouse gas emissions. The Public Utility Commission approves a conversion method (developed by the Department of Public Service) that utilities can utilize the exchange of fossil fuel reduction into compliance MWHs of electric energy.

- Requirements to reach 10^{2/3} percent of Tier III classification by 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.

2022 RES Compliance

August 2022, Hyde Park filed their third RES compliance. Hyde Park's compliance by category Tier I, Tier II, Tier III RES, and excess reserved for future obligation are seen in the charts below.



Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS)

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide Village of 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, 2023 and for the Village of Hyde Park, Vermont's reporting period (the year ended December 31, 2023). 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 30 months prior to the employer's fiscal year. For the reporting date of December 31, 2023, the State has chosen to use the end of the prior fiscal year (June 30, 2022) as the measurement date, and the year ended June 30, 2022 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, 2021, to the measurement date of June 30, 2022.

Schedule A – Employer Allocation as of June 30, 2021

Fiscal Year Ended June 30, 2021						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Discount Rate)	Net Pension Liability 1% Increase (8.00% Discount Rate)
\$ 36,302	0.1633%	\$ 240,316	\$ 91,353	\$ 143,800	\$ 474,998	\$ 47,338

Schedule B – Employers' Allocation as of June 30, 2022

Fiscal Year Ended June 30, 2022						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.00% Discount Rate)	Net Pension Liability 1% Increase (8.00% Discount Rate)
\$ 45,663	0.1825%	\$ 553,676	\$ 193,117	\$ 1,357	\$ 829,659	\$ 326,668

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

Schedule C – Employers' Allocation as of June 30, 2022

		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
0.18251%	\$ 553,676	\$ 41,581	\$ 28,306	\$ -	\$ 89,889	\$ 33,341	\$ 193,117

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
\$ -	\$ -	\$ -	\$ -	\$ 1,357	\$ 1,357

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 105,079	\$ 9,737	\$ 114,816

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

Fiscal Year					
2023	2024	2025	2026	2027	Thereafter
\$ 59,965	\$ 46,834	\$ 21,517	\$ 63,444	\$ -	\$ -

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

Schedule E – Contribution History for Fiscal Years 2020-2022

FY 2022	FY 2021	FY 2020
\$ 45,663	\$ 36,302	\$ 33,326

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

<http://finance.vermont.gov/reports-and-publications/annual-compenhensive-financial-report>

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, 2022, the retirement system consisted of 359 participating employers.

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

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

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

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

Summary of System Provisions

Membership	Full time employees of participating municipalities. Municipality elect's coverage under Groups A, B, C or D provisions.
Creditable service	Service as a member plus purchased service.
Average Final Compensation (AFC)	<p>Group A – average annual compensation during highest 5 consecutive years.</p> <p>Groups B and C – average annual compensation during highest 3 consecutive years.</p> <p>Group D – average annual compensation during highest 2 consecutive years.</p>
Service Retirement Allowance	
Eligibility	<p>Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.</p> <p>Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.</p> <p>Groups C and D – Age 55 with 5 years of service.</p>
Amount	<p>Group A – 1.4% of AFC x service</p> <p>Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC</p> <p>Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC</p> <p>Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC</p> <p>Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.</p>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

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.
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.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

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.

<u>Member Contributions</u>	<u>Group</u>	<u>Effective 7/1/22</u>	<u>For the Fiscal year ended 6/30/22</u>
	Group A	3.50%	3.25%
	Group B	5.875%	5.625%
	Group C	11.00%	10.75%
	Group D	12.35%	12.10%

<u>Employer Contributions</u>	<u>Group</u>	<u>Effective 7/1/22</u>	<u>For the Fiscal year ended 6/30/22</u>
	Group A	5.00%	4.75%
	Group B	6.50%	6.25%
	Group C	8.25%	8.00%
	Group D	10.85%	10.60%

Significant Actuarial Assumptions and Methods

Interest Rate: 7%, net of pension plan investment expenses, including inflation.

Salary Increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.5% (individuals assumed inflation rate of 2.3%) for all subsequent year.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

Mortality:

Pre-retirement:

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

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

Healthy Post-retirement - Retirees:

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

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

Disabled Post-retirement:

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

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

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2023, COLAs is assumed to be 2% for Group A and 3% for Groups B, C and D. The January 1, 2022, COLAs were 2% for Group A and 2.3% for Groups B, C and D members.

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

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

Inflation: 2.30 per year%

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Passive Global Equities	24.00%	4.30%
Active Global Equities	5.00%	4.30%
US Equity - Large Cap	4.00%	3.25%
US Equity - Small/Mid Cap	3.00%	3.75%
Non-US Developed US Equities	7.00%	5.00%
Emerging Markets Debt	4.00%	3.50%
Core Fixed Income	19.00%	0.00%
Private & Alternate Credit	10.00%	4.75%
US TIPS	3.00%	-50.00%
Core Real Estate	3.00%	3.75%
Non-Core Real Estate	4.00%	6.00%
Private Equity	10.00%	5.50%
Infrastructure/Farmland	4.00%	4.25%
	100.00%	

Discount rate

The long-term expected rate of return on pension plan assets is 7%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closes date prior to the valuation date of June 30, 2022, is 3.54%, as published by The Bond Buyer. The discount rate used to measure the total pension liability was 7% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022, to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries as well as projected contributions from future plan members, are not included.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
\$ 829,659	\$ 553,676	\$ 326,668

NOTE 12 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.

NOTE 13 In November of 2023 the Village signed a letter of intent to purchase 3,849 Class A Units and 4,898 Class B Units in Vermont Transco LLC. The Village has 24 months to complete the purchase, at which point the shares will transfer.

NOTE 14 RISKS AND UNCERTAINTIES

The Village 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 benefits from sovereign immunity and maintains insurance coverage through Vermont Leagues of Cities and Towns which contracts coverage for the Village from multiple carriers including Liberty Mutual and Cincinnati Insurances Companies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years. The Village may withdraw its membership from the Vermont League Fund with (60) sixty days' notice.

The Village is also a member of the Vermont League of Cities and Towns Unemployment Insurance Trust. The Unemployment Trust is a nonprofit corporation formed to provide unemployment coverage for Vermont municipalities and is managed by the participating members. Governing documents do not permit the Unemployment Trust to make additional assessments to its members beyond required annual contributions.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 14 RISKS AND UNCERTAINTIES (continued)

Federal and State Grants: In the normal course of operations, the Village receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 15 SUBSEQUENT EVENTS

In accordance with professional account standards, the Village has evaluated subsequent events through May 8, 2024, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2023, have been incorporated in these financial statements herein.

Subsequent to year-end, on February 17, 2024, the Village, signed a line of credit for \$921,000 at 5.84% with a local bank in anticipation of taxes and revenues. The note is due February 16, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Hyde Park, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 37,300	\$ 37,300	\$ 37,591	\$ 291
Charges for service	35,090	35,090	32,000	(3,090)
Grants	3,800	3,800	4,272	472
Miscellaneous	300	300	300	-
Interest	<u>2</u>	<u>2</u>	<u>874</u>	<u>872</u>
TOTAL REVENUES	<u>76,492</u>	<u>76,492</u>	<u>75,037</u>	<u>(1,455)</u>
EXPENDITURES				
General government and administrative	16,920	16,920	7,502	9,418
Streets and sidewalks	21,300	21,300	7,185	14,115
Street lights	6,100	6,100	6,085	15
Recreation	<u>1,100</u>	<u>1,100</u>	<u>463</u>	<u>637</u>
TOTAL EXPENDITURES	<u>45,420</u>	<u>45,420</u>	<u>21,235</u>	<u>24,185</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	31,072	31,072	53,802	22,730
OTHER FINANCING SOURCES AND USES				
Debt Payments	<u>(2,000)</u>	<u>(2,000)</u>	<u>(15,977)</u>	<u>(13,977)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 29,072</u>	<u>\$ 29,072</u>	<u>\$ 37,825</u>	<u>\$ 8,753</u>

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, 2023

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Village's proportion of the net pension liability (asset)	1.0134%	0.1593%	0.1593%	0.1519%	0.1507%	0.1503%	0.1633%	0.1608%	0.1633%	0.1825%
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>	<u>\$ 406,773</u>	<u>\$ 240,316</u>	<u>\$ 553,676</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>	<u>\$ 462,034</u>	<u>\$ 494,535</u>	<u>\$ 378,628</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%	88.04%	48.59%	146.23%
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%	-74.52%	-86.26%	-73.60%

Significant Actuarial Assumptions and methods are described in Note 11 to the financial statements. There were no changes in methods or assumptions during the year ended December 31, 2023.

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
For the Year Ended December 31, 2023

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually Required Contributions (Actuarially Determined)	\$ 16,669	\$ 20,554	\$ 21,622	\$ 23,085	\$ 24,614	\$ 26,324	\$ 31,378	\$ 33,326	\$ 36,302	\$ 45,663
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>	<u>33,326</u>	<u>36,302</u>	<u>\$ 45,663</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>	<u>\$ 462,034</u>	<u>\$ 494,535</u>	<u>\$ 378,628</u>
Contributions as a Percentage of Covered Employee Payroll	5.80%	6.76%	6.83%	6.97%	6.82%	6.95%	7.12%	7.21%	7.34%	12.06%

Significant Actuarial Assumptions and methods are described in Note 11 to the financial statements. There were no changes in methods or assumptions during the year ended December 31, 2023.

See Accompanying Notes to Financial Statements.