

Village of Hyde Park, Vermont

FINANCIAL STATEMENTS

December 31, 2021

Village of Hyde Park, Vermont  
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December 31, 2021

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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, and each major fund information of the Village of Hyde Park, Vermont, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village'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, and each major fund, and the aggregate remaining fund information of the Village of Hyde Park, Vermont, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 information on page 43, schedule of proportionate share of the net pension liability on page 44 and schedule of contributions on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hyde Park, Vermont's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the Village of Hyde Park, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hyde Park, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Hyde Park, Vermont's internal control over financial reporting and compliance.



# VILLAGE OF HYDE PARK, VT 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, 2021 (FY 2021). This MD&A should be read in conjunction with the audited financial statements and accompanying notes that follow.

## FINANCIAL HIGHLIGHTS

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

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report VOHP's operations in more detail than the government-wide financial information which VOHP acts solely as agent for the benefit of those outside the government. Below are some significant items for FY 2021 to note for further discussion, as follows:

Total net position as of December 31, 2021 decreased \$20,269 compared to an increase of \$69,217 in FY 2020.

- Net position of General Fund (governmental) activities decreased by \$15,828 compared to a decrease of \$396 in FY 2020.
- The Village property tax rate of \$.088 per \$100 of property value for FY 2021 generated revenue of \$36,327. The Village property tax rate of \$.088 per \$100 of property value in FY 2020 generated revenue of \$33,184.
- The market value of the grand list decreased to \$41,280,800 in FY 2021 from \$41,415,800 in FY 2020, 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 \$4,441 for FY 2021, as compared to an increase of \$69,613 in FY 2020.
- Charges for electric services decreased by \$9,735 from the prior year, while expenses increased \$128,401.
- Water and wastewater business-type activities, combined charges for services increased \$146,470 from the prior year, while expenses decreased by \$65,256.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

# VILLAGE OF HYDE PARK, VT MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Government-wide financial statements - Reporting VOHP as a Whole**

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

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

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

### **Governmental Activities**

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

### **Business-type Activities**

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

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

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

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

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

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



**VILLAGE OF HYDE PARK, VT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS - VOHP AS A WHOLE**

For FY 2021, VOHP combined net position decreased \$20,269 as compared to an increase of \$69,217 in FY 2020. Our analysis below focuses on the net position and changes in net position of VOHP's governmental and business-type activities.

| <u>Activities</u>                                 | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Totals</u> | <u>2021<br/>Totals</u> | <u>2020<br/>Totals</u> | <u>Increase<br/>(Decrease)</u> |
|---|------------------------------------|---------------------------------|------------------------|------------------------|--------------------------------|
| Cash and equivalents                              | \$ 216,564                         | \$ 411,571                      | \$ 628,135             | \$ 271,561             | \$ 356,574                     |
| Other assets                                      | 23,217                             | 567,798                         | 591,015                | 915,041                | (324,026)                      |
| Restricted assets                                 | 13,532                             | 96,236                          | 109,768                | 109,557                | 211                            |
| Investments                                       | -                                  | 679,648                         | 679,648                | 651,558                | 28,090                         |
| Capital assets, net                               | 450,309                            | 6,794,711                       | 7,245,020              | 5,877,268              | 1,367,752                      |
| Deferred Outflows                                 | <u>1,378</u>                       | <u>136,418</u>                  | <u>137,796</u>         | <u>111,011</u>         | <u>26,785</u>                  |
| <b>Total Assets<br/>And Deferred Outflows</b>     | <u>705,000</u>                     | <u>8,686,382</u>                | <u>9,391,382</u>       | <u>7,935,996</u>       | <u>1,455,386</u>               |
| Debt  | 73,194                             | 6,534,668                       | 6,607,862              | 4,966,524              | 1,641,338                      |
| Other liabilities                                 | 3,969                              | 703,538                         | 707,517                | 944,666                | (237,149)                      |
| Unearned revenue                                  | 71,593                             | 17,875                          | 89,468                 | 19,250                 | 70,218                         |
| Deferred Inflows                                  | <u>42</u>                          | <u>4,161</u>                    | <u>4,203</u>           | <u>2,945</u>           | <u>1,258</u>                   |
| <b>Total Liabilities<br/>And Deferred Inflows</b> | <u>148,798</u>                     | <u>7,260,242</u>                | <u>7,409,040</u>       | <u>5,933,385</u>       | <u>1,475,655</u>               |
| <b>Net Position</b>                               | <u>\$ 556,202</u>                  | <u>\$ 1,426,140</u>             | <u>\$ 1,982,342</u>    | <u>\$ 2,002,611</u>    | <u>\$ (20,269)</u>             |

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

Total

|                          | <u>Governmental</u> | <u>Business-type</u> | <u>Activities</u>  |
|--------------------------|---------------------|----------------------|--------------------|
| Net Position – Beginning | \$ 572,030          | \$ 1,430,581         | \$ 2,002,611       |
| Net Position – Ending    | <u>556,202</u>      | <u>1,426,140</u>     | <u>1,982,342</u>   |
| Change in Net Position   | <u>\$ (15,828)</u>  | <u>\$ (4,441)</u>    | <u>\$ (20,269)</u> |

VOHP's total revenue increased to \$3,050,142 in FY 2021 as compared to FY 2020 revenue of \$2,906,202 an increase of \$143,940, of which \$89,468 was unearned revenue. 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**

General revenues for VOHP's governmental activities increased \$2,037 this year while total expenses increased \$17,469. In FY 2021, the tax rate was assessed as \$.088 per \$100 of property value. The tax rate appears sufficient to cover normal General Fund operating expenses; however, should nonrecurring legal costs, capital projects, new or expanded services, or maintenance of sidewalks and streets expense increase in the future, reserves may deplete and additional tax increases considered.

**VILLAGE OF HYDE PARK, VT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The cost of all governmental activities, excluding capital outlays and depreciation, was \$39,818 for FY 2021 as compared \$33,989 for FY 2020. 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 \$34,378. The cost was paid by other funds in the amount of \$32,295 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>2021</u>            | <u>2020</u>            | <u>Change</u>          |
|--------------------------------------|------------------------|------------------------|------------------------|
| General government & administration  | \$ 17,458              | \$ 8,030               | \$ 9,428               |
| Streets and sidewalk                 | 15,493                 | 19,248                 | (3,755)                |
| Street lights                        | 6,093                  | 6,495                  | (402)                  |
| Village Services/Parks               | <u>774</u>             | <u>216</u>             | <u>558</u>             |
| <b>Total Governmental Activities</b> | <b><u>\$39,818</u></b> | <b><u>\$33,989</u></b> | <b><u>\$ 5,829</u></b> |

**Business-Type Activities Revenue and Expenses**

Total revenues of VOHP's business-type activities have increased over FY 2020 revenues by \$141,906, and overall expenses have increased by \$215,957, over the prior year. The factors driving these results include:

Revenue

Charges for electric service decreased \$9,735 from the prior year. Water and Wastewater revenue increased by approximately 40% over 2020 due to necessary increases to water and wastewater rates.

Expenses

Electric expenses increased by \$128,401 to \$2,676,796 as compared to \$2,548,395 in FY 2020. Regulatory requirements related to consulting and legal fees contributed to 2021 expense increases. Purchase power and transmission costs continue to be the largest expense of the VOHP's business-type activities. These expenses increased to \$1,332,929 in FY 2021 from \$1,240,960 in FY 2020, a 7% increase. Water and Wastewater expenses increased to \$230,275 in FY 2021 from \$165,019 in FY 2020, a difference of \$65,256.

**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 \$243,653, which is an increase of \$86,627 over the FY 2020 fund balance of \$157,026. Of this fund balance, \$15,316 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.

**VILLAGE OF HYDE PARK, VT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ELECTRIC DEPARTMENT**

| <u>Statement of Revenue, Expenditures, and<br/>Changes in Net Position</u> | <u>2021</u>         | <u>2020</u>      | <u>Increase<br/>(Decrease)</u> |
|--|---------------------|------------------|--------------------------------|
| <b>Total Operating Revenues</b>  | \$ 2,502,180        | \$ 2,511,915     | \$ (9,735)                     |
| <b>Expenses:</b>   |                     |                  |                                |
| Purchased power, transmission<br>and distribution                          | 1,532,169           | 1,477,018        | 55,151                         |
| Customer accounts  | 269,632             | 209,387          | 60,245                         |
| Administrative and general   | 541,285             | 503,278          | 8,007                          |
| Depreciation expenses  | 153,265             | 184,712          | (31,447)                       |
| Taxes  | <u>180,445</u>      | <u>174,000</u>   | <u>6,445</u>                   |
| <b>Total Operating Expenses</b>  | <u>2,676,796</u>    | <u>2,548,395</u> | <u>128,401</u>                 |
| Operating Income (Loss)  | (174,616)           | (36,480)         | (138,136)                      |
| Non-operating income   | <u>65,946</u>       | <u>57,901</u>    | <u>8,045</u>                   |
| <b>Change in net position</b>  | <u>\$ (108,670)</u> | <u>\$ 21,421</u> | <u>\$ (130,091)</u>            |

- 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 in the Village extends to North Hyde Park and the National Guard facilities. HPE purchased these services from Green Mountain Power who assigned this territory to HPE.
- 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.
- HPE serves the Lamoille County Courthouse, Sheriff's Department, Hyde Park Elementary School, Town and Village facilities, Hyde Park Fire Departments, Lanpher Memorial Library and the Opera House. The largest electric customer is Lamoille Union High School.
- In FY 2021, striving to maintain system reliability, right-of-way clearing expenses were \$10,911. 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 939 out of a possible 12,316,500 total. Of the customer hours out, 80% related to incidents relating to trees.

**WATER DEPARTMENT**

| <u>Statement of Revenue, Expenditures, and<br/>Changes in Net Position</u> | <u>2021</u> | <u>2020</u> | <u>Increase<br/>(Decrease)</u> |
|--|-------------|-------------|--------------------------------|
| <b>Total Operating Revenues</b>  | \$ 247,943  | \$ 146,740  | \$ 101,203                     |

**VILLAGE OF HYDE PARK, VT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

| <u>Statement of Revenue, Expenditures, and<br/>Changes in Net Position</u> | <u>2021</u>      | <u>2020</u>      | <u>Increase<br/>(Decrease)</u> |
|--|------------------|------------------|--------------------------------|
| Expenses:  |                  |                  |                                |
| Distribution   | 81,928           | 44,593           | 37,335                         |
| Customer accounts  | 14,250           | 13,317           | 933                            |
| Administrative and general   | 39,840           | 31,403           | 8,437                          |
| Depreciation expenses  | 14,144           | 13,874           | 270                            |
| Taxes  | <u>8,025</u>     | <u>5,205</u>     | <u>2,820</u>                   |
| <b>Total Operating Expenses</b>  | <u>158,187</u>   | <u>108,392</u>   | <u>49,795</u>                  |
| Operating Income (Loss)  | 89,756           | 38,348           | 51,408                         |
| Non-operating income(expense)  | <u>(24,381)</u>  | <u>(4,587)</u>   | <u>(19,794)</u>                |
| <b>Change in net position</b>  | <u>\$ 65,375</u> | <u>\$ 33,761</u> | <u>\$ 31,614</u>               |

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

**WASTEWATER DEPARTMENT**

| <u>Statement of Revenue, Expenditures, and<br/>Changes in Net Position</u> | <u>2021</u>       | <u>2020</u>      | <u>Increase<br/>(Decrease)</u> |
|--|-------------------|------------------|--------------------------------|
| <b>Total Operating Revenues</b>  | <u>\$ 119,913</u> | <u>\$ 74,646</u> | <u>\$ 45,267</u>               |
| Expenses:  |                   |                  |                                |
| Distribution   | 33,365            | 20,385           | 12,980                         |
| Customer accounts  | 8,042             | 7,240            | 802                            |
| Administrative and general   | 11,886            | 11,136           | 750                            |
| Depreciation expenses  | 16,890            | 16,890           | 0                              |
| Taxes  | <u>1,905</u>      | <u>976</u>       | <u>929</u>                     |
| <b>Total Operating Expenses</b>  | <u>72,088</u>     | <u>56,627</u>    | <u>15,461</u>                  |
| Operating Income (Loss)  | 47,825            | 18,019           | 29,806                         |
| Non-operating income(expenses)   | <u>(8,971)</u>    | <u>(3,588)</u>   | <u>(5,383)</u>                 |
| <b>Change in net position</b>  | <u>\$ 38,854</u>  | <u>\$ 14,431</u> | <u>\$ 24,423</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 2021, VOHP has net capital assets of \$7,245,020. See Pages 20-23 of the Notes to Financial Statements for details. Of the \$229,965 total depreciation expense charged to 2021 expenses, \$45,666 was charged to the governmental activities. The remaining \$184,299 is charged to the business-type activities.

# VILLAGE OF HYDE PARK, VT MANAGEMENT'S DISCUSSION AND ANALYSIS

## MAJOR PROJECTS AND INITIATIVES

### ELECTRIC DEPARTMENT ("HPE")

HPE did not initiate any major new projects or initiatives in 2021.

### WATER DEPARTMENT

In 2019, the state amended our water permit to require a compliance schedule for specified water improvements. The compliance project was engineered and supervised by the Dufresne Group. N.A. Manosh Corporation commenced construction in the spring of 2020. In 2021, the state's compliance schedule was met.

The project was funded by Congressional appropriation to the Federal Drinking Water State Revolving Loan Fund, awarded to Vermont by the EPA, with 20% state match requirement. The \$4,267,000 loan agreement with the Vermont Drinking Water Revolving Loan Fund / Vermont Municipal Bond Bank was subsidized by zero interest and zero administrative fees.

### WASTEWATER DEPARTMENT

In 2019, voters approved general obligation bonds or notes of the Village of Hyde Park in an amount not to exceed \$985,000, funded by a loan agreement with the Vermont State Revolving Fund / Vermont Municipal Bond Bank. Wastewater improvements were engineered by Dufresne Group and the contractor was N.A. Manosh, Corporation. Work commenced in the spring of 2020 and was completed in 2021.

## 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.

- Revenues were negatively impacted by the COVID-19 pandemic. On June 14, 2021, the Governor ended COVID-19 Restrictions. The disconnection moratorium ended on July 15, 2021 and with additional consumer protections by the Public Utility Commission for disconnections that may occur after that date including working with customers on long-term payment plans for past-due amounts.
- Rates increased an average annual amount of 2.68% during the fourteen-year period from 2007 through 2021. July 1, 2010 rates increased 14.47%. The next rate filing was July, 2019 with HPE requesting a 15.69% increase. Following the regulatory process, the rate was reduced to 7.75%. This increase did not provide for revenue requirements and a rate increase is needed. The regulatory process is long and expensive.

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. There is a lack of qualified utility employees within the state and it is difficult to recruit out of state. Supply chain disruptions are a significant concern with the lead time for transformers growing from 6 months to 30 months or more depending on the type.

## **VILLAGE OF HYDE PARK, VT MANAGEMENT'S DISCUSSION AND ANALYSIS**

In 2021, the system hit a summer peak demand of 2.673 MW at 6 p.m. on August 11, compared with a 2020 peak of 2.570 MW at 7 p.m. on December 16. HPE has traditionally been a winter peaking utility; peak demand has been shifting into the summer with increase in air conditioning.

Hyde Park Electric meets a significant share of its load with its 100% owned Hyde Park Solar, Waterhouse Project generating 1,323 MWh in 2021. In many hours of the day Waterhouse supplies all load requirements; net loads drop to zero. In 2021, Renewable Energy Credits ("RECs") offset Alternative Compliance Payments as required by Vermont's Renewable Energy Standard, with 5,050 RECs used to satisfy state requirements, leaving an inventory of 4,436 RECs, and with \$36,630 in revenue from REC sales.

The factors that apply the greatest upward pressure on rates are increasing transmission costs, net metering expense, regulatory burdens, increased cost to operate and taxes. Other impacts are related to weather, market-based energy expense and equipment failure.

Wholesale power delivered to the HPE substation is comprised of three cost components: Energy, Capacity and Transmission. The near term outlook is stable for capacity charges. Transmission charges are projected to steadily increase year to year. Improvements to the transmission grid are not within HPE control and we are required to pay a share of that increasing cost. These projected increases will put forward pressure on all Vermont utilities to increase their rates. That cost burden is passed through to their customers as the cost of wholesale market power and services charges. Within the transmission category are various ancillary charges, the largest of those being the Regional Network Service (RNS). RNS is the service over the Pool Transmission Facilities, which the ISO provides to transmission customers to serve their loads. These are monthly charges based on HPE's regional network load value at VELCO's peak. The rates are steadily increasing.

**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.

New water rates were effective with September 2020 usage and October billing, and in January 2021, an annual 3% increase was effective, as well as each subsequent year. Each year the annual increase will be determined by revenue requirements and action by the Board of Commissioners.

### **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.

New wastewater rates were effective with May 2021 usage; June Billing, and in January 2022 an annual 3% increase is effective, as well as each subsequent year. Each year the annual increase will be determined by revenue requirements and action by the Board of Commissioners. The wastewater system was required to employ a certified wastewater operator in 2021.

# VILLAGE OF HYDE PARK, VT MANAGEMENT'S DISCUSSION AND ANALYSIS

## **RETAIL RATES, FEES AND CHARGES**

The Board of Commissioners is 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.

## **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](http://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, 2021

|   | Governmental<br>Activities   | Business-Type<br>Activities    | 2021<br>Total                  |
|---|------------------------------|--------------------------------|--------------------------------|
| <b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>                      |                              |                                |                                |
| <b>CURRENT ASSETS:</b>  |                              |                                |                                |
| Cash  | \$ 216,564                   | \$ 411,571                     | \$ 628,135                     |
| Investments   | -                            | 679,648                        | 679,648                        |
| Accounts receivable, net  | 7,469                        | 407,985                        | 415,454                        |
| Unbilled revenues   | -                            | 57,039                         | 57,039                         |
| Inventories   | -                            | 94,620                         | 94,620                         |
| Prepaid expenses  | -                            | 8,154                          | 8,154                          |
| Due from other funds  | <u>15,748</u>                | <u>-</u>                       | <u>15,748</u>                  |
| <b>TOTAL CURRENT ASSETS</b>                                     | <b>239,781</b>               | <b>1,659,017</b>               | <b>1,898,798</b>               |
| <br>CAPITAL ASSETS, net   | <br>450,309                  | <br>6,794,711                  | <br>7,245,020                  |
| <br>RESTRICTED CASH   | <br><u>13,532</u>            | <br><u>96,236</u>              | <br><u>109,768</u>             |
| <br><b>TOTAL ASSETS</b>   | <br><b>703,622</b>           | <br><b>8,549,964</b>           | <br><b>9,253,586</b>           |
| <br>DEFERRED OUTFLOWS OF RESOURCES                              | <br><u>1,378</u>             | <br><u>136,418</u>             | <br><u>137,796</u>             |
| <br><b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>                   | <br><b><u>\$ 705,000</u></b> | <br><b><u>\$ 8,686,382</u></b> | <br><b><u>\$ 9,391,382</u></b> |
| <b><u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u></b>    |                              |                                |                                |
| <b>CURRENT LIABILITIES</b>                                      |                              |                                |                                |
| Accounts payable  | \$ 28                        | \$ 209,318                     | \$ 209,346                     |
| Customer deposits   | -                            | 24,121                         | 24,121                         |
| Accrued expenses and other liabilities                          | 287                          | 65,378                         | 65,665                         |
| Accrued interest  | -                            | 30,223                         | 30,223                         |
| Due to other funds  | -                            | 15,748                         | 15,748                         |
| Short-term note   | -                            | 1,513,803                      | 1,513,803                      |
| Current portion bonds & notes payable                           | 13,789                       | 269,053                        | 282,842                        |
| Unearned revenue  | <u>71,593</u>                | <u>17,875</u>                  | <u>89,468</u>                  |
| <b>TOTAL CURRENT LIABILITIES</b>                                | <b><u>85,697</u></b>         | <b><u>2,145,519</u></b>        | <b><u>2,231,216</u></b>        |
| <br><b>LONG-TERM LIABILITIES</b>                                |                              |                                |                                |
| Net pension liability   | 3,654                        | 358,750                        | 362,404                        |
| Bonds & notes payable   | <u>59,405</u>                | <u>4,751,812</u>               | <u>4,811,217</u>               |
| <b>TOTAL LONG-TERM LIABILITIES</b>                              | <b><u>63,059</u></b>         | <b><u>5,110,562</u></b>        | <b><u>5,173,621</u></b>        |
| <br><b>TOTAL LIABILITIES</b>                                    | <br><b><u>148,756</u></b>    | <br><b><u>7,256,081</u></b>    | <br><b><u>7,404,837</u></b>    |
| <br>DEFERRED INFLOWS OF RESOURCES                               |                              |                                |                                |
| VMERS pension   | <u>42</u>                    | <u>4,161</u>                   | <u>4,203</u>                   |
| <br><b>NET POSITION</b>   |                              |                                |                                |
| Net investment in capital assets                                | 450,309                      | 1,773,846                      | 2,224,155                      |
| Restricted  | 15,316                       | 96,236                         | 111,552                        |
| Unrestricted  | <u>90,577</u>                | <u>(443,942)</u>               | <u>(353,365)</u>               |
| <b>TOTAL NET POSITION</b>                                       | <b><u>556,202</u></b>        | <b><u>1,426,140</u></b>        | <b><u>1,982,342</u></b>        |
| <br><b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b> | <br><b><u>\$ 705,000</u></b> | <br><b><u>\$ 8,686,382</u></b> | <br><b><u>\$ 9,391,382</u></b> |

See Accompanying Notes to Financial Statements.



Village of Hyde Park, Vermont  
VILLAGE-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2021

| Functions/Programs                    | Net (Expense) Revenue and<br>Changes in Net Assets |                         |                   |                     |                            |                             |              |
|---------------------------------------|--|-------------------------|-------------------|---------------------|----------------------------|-----------------------------|--------------|
|                                       | Expenses   | Charges for<br>Services | Capital<br>Grants | Operating<br>Grants | Governmental<br>Activities | Business-Type<br>Activities | Total        |
| Governmental activities:              |  |                         |                   |                     |                            |                             |              |
| General government and administration | \$ 17,983  | \$ 30,744               | \$ -              | \$ -                | \$ 12,761                  | \$ -                        | \$ 12,761    |
| Streets and sidewalks                 | 61,160   | -                       | -                 | 4,157               | (57,003)                   | -                           | (57,003)     |
| Recreation                            | 783  | 500                     | -                 | -                   | (283)                      | -                           | (283)        |
| Street lights                         | 6,093  | -                       | -                 | -                   | (6,093)                    | -                           | (6,093)      |
| Total government activities           | 86,019   | 31,244                  | -                 | 4,157               | (50,618)                   | -                           | (50,618)     |
| Business-type activities:             |  |                         |                   |                     |                            |                             |              |
| Electric utilities                    | 2,676,796  | 2,502,180               | -                 | -                   | -                          | (174,616)                   | (174,616)    |
| Sewer utilities                       | 72,088   | 119,913                 | -                 | -                   | -                          | 47,825                      | 47,825       |
| Water utilities                       | 158,187  | 247,943                 | -                 | -                   | -                          | 89,756                      | 89,756       |
| Total business-type activities        | \$ 2,907,071                                       | \$ 2,870,036            | \$ -              | \$ -                | -                          | (37,035)                    | (37,035)     |
| General revenues and expenses:        |  |                         |                   |                     |                            |                             |              |
| Property taxes                        |  |                         |                   |                     | 36,327                     | -                           | 36,327       |
| Interest income                       |  |                         |                   |                     | 751                        | 105,732                     | 106,483      |
| Interest expense                      |  |                         |                   |                     | (2,588)                    | (74,733)                    | (77,321)     |
| Gain on sale of assets                |  |                         |                   |                     | -                          | 1,595                       | 1,595        |
| Miscellaneous income                  |  |                         |                   |                     | 300                        | -                           | 300          |
| Total general revenues and expenses   |  |                         |                   |                     | 34,790                     | 32,594                      | 67,384       |
| Change in Net Position                |  |                         |                   |                     | (15,828)                   | (4,441)                     | (20,269)     |
| Net Position, beginning of year       |  |                         |                   |                     | 572,030                    | 1,430,581                   | 2,002,611    |
| Net Position, end of year             |  |                         |                   |                     | \$ 556,202                 | \$ 1,426,140                | \$ 1,982,342 |

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 December 31, 2021

|   | <u>General<br/>Fund</u> |
|---|-------------------------|
| <u>ASSETS</u>                           |                         |
| Cash                                    | \$ 216,564              |
| Due from other funds                    | 15,748                  |
| Restricted Cash                         | <u>13,532</u>           |
| TOTAL ASSETS                            | <u>\$ 245,844</u>       |
| <br><u>LIABILITIES AND FUND BALANCE</u> |                         |
| LIABILITIES                             |                         |
| Accounts payable                        | \$ 28                   |
| Accrued expenses                        | <u>2,163</u>            |
| TOTAL LIABILITIES                       | <u>2,191</u>            |
| <br>FUND BALANCE                        |                         |
| Restricted                              | 15,316                  |
| Unassigned                              | <u>228,337</u>          |
| TOTAL FUND BALANCE                      | <u>243,653</u>          |
| TOTAL LIABILITIES AND FUND BALANCE      | <u>\$ 245,844</u>       |

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont  
 FUND FINANCIAL STATEMENTS  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 December 31, 2021

|   |                              |
|---|------------------------------|
| <b>Fund balances of government funds</b>  | <b>\$ 243,653</b>            |
| <br><b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>   |                              |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the fund   | 450,309                      |
| 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 | 7,469                        |
| Unearned Revenue  | (71,593)                     |
| <br>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   | (3,654)                      |
| Notes payable   | (71,318)                     |
| 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.             | 1,378                        |
| 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>(42)</u>                  |
| <br><b>Net Position of Governmental Activities</b>  | <br><b><u>\$ 556,202</u></b> |

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, 2021

|   | <u>General<br/>Fund</u>  |
|---|--------------------------|
| REVENUES  |                          |
| Property taxes  | \$ 34,378                |
| Interest and penalties                                    | 751                      |
| Charges for services                                      | 31,544                   |
| Grants  | <u>75,750</u>            |
| TOTAL REVENUES  | <u>142,423</u>           |
| EXPENDITURES  |                          |
| General government and administration                     | 17,458                   |
| Streets and sidewalks                                     | 15,493                   |
| Street lights   | 6,093                    |
| Recreation  | 774                      |
| Capital outlays   | <u>-</u>                 |
| TOTAL EXPENDITURES  | <u>39,818</u>            |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 102,605                  |
| OTHER FINANCING USES                                      |                          |
| Debt Payments   | <u>(15,978)</u>          |
| CHANGE IN FUND BALANCE                                    | 86,627                   |
| FUND BALANCE, BEGINNING OF YEAR                           | <u>157,026</u>           |
| FUND BALANCE, END OF YEAR                                 | <u><u>\$ 243,653</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, 2021

**Net change in fund balances - governmental funds** \$ 86,627

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the statement of revenues, expenditures and change in fund balance (71,593)

Increase in the accounts receivable 1,017

Repayment of long-term debt are expenditures in the government funds, but the repayment reduces long-term liabilities in the statement of net position 13,389

Proceeds from the issuance of long-term debt -

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. (45,666)

Pension expense 398

**Change in Net Position of Governmental Activities** \$ (15,828)

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
 December 31, 2021

ASSETS AND DEFERRED OUTFLOWS

|                                    | Enterprise Funds |               |                    | Totals       |
|------------------------------------|------------------|---------------|--------------------|--------------|
|                                    | Electric<br>Fund | Water<br>Fund | Wastewater<br>Fund |              |
| <u>ASSETS</u>                      |                  |               |                    |              |
| CURRENT ASSETS:                    |                  |               |                    |              |
| Cash                               | \$ 266,216       | \$ 51,001     | \$ 94,354          | \$ 411,571   |
| Investments                        | 679,648          | -             | -                  | 679,648      |
| Accounts Receivable                | 346,661          | 40,575        | 20,749             | 407,985      |
| Unbilled Revenues                  | 57,039           | -             | -                  | 57,039       |
| Inventories                        | 65,627           | 28,993        | -                  | 94,620       |
| Prepaid expenses                   | 8,154            | -             | -                  | 8,154        |
| Due from other funds               | -                | -             | 266,328            | 266,328      |
| TOTAL CURRENT ASSETS               | 1,423,345        | 120,569       | 381,431            | 1,925,345    |
| CAPITAL ASSETS, net                | 2,857,771        | 2,802,473     | 1,134,467          | 6,794,711    |
| RESTRICTED CASH                    | 96,236           | -             | -                  | 96,236       |
| TOTAL ASSETS                       | 4,377,352        | 2,923,042     | 1,515,898          | 8,816,292    |
| DEFERRED OUTFLOWS OF RESOURCES     | 124,016          | 8,268         | 4,134              | 136,418      |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 4,501,368     | \$ 2,931,310  | \$ 1,520,032       | \$ 8,952,710 |

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| CURRENT LIABILITIES:                                 |              |              |              |              |
| Accounts payable                                     | \$ 198,368   | \$ 9,368     | \$ 1,582     | \$ 209,318   |
| Customer deposits                                    | 24,121       | -            | -            | 24,121       |
| Accrued expenses and other liabilities               | 25,828       | 31,930       | 7,620        | 65,378       |
| Accrued interest                                     | 30,223       | -            | -            | 30,223       |
| Due to other funds                                   | 189,644      | 92,432       | -            | 282,076      |
| Short term note                                      | 752,602      | 522,978      | 238,223      | 1,513,803    |
| Current portion bonds & notes payable                | 123,760      | 106,675      | 38,618       | 269,053      |
| Unearned revenue                                     | 17,875       | -            | -            | 17,875       |
| TOTAL CURRENT LIABILITIES                            | 1,362,421    | 763,383      | 286,043      | 2,411,847    |
| LONG-TERM LIABILITIES                                |              |              |              |              |
| Net pension liability                                | 324,801      | 23,364       | 10,585       | 358,750      |
| Bonds & notes payable                                | 2,351,440    | 1,757,565    | 642,807      | 4,751,812    |
| TOTAL LONG-TERM LIABILITIES                          | 2,676,241    | 1,780,929    | 653,392      | 5,110,562    |
| TOTAL LIABILITIES                                    | 4,038,662    | 2,544,312    | 939,435      | 7,522,409    |
| DEFERRED INFLOWS OF RESOURCES                        |              |              |              |              |
| VMERS pension  | 3,783        | 252          | 126          | 4,161        |
| TOTAL DEFERRED INFLOWS OF RESOURCES                  | 3,783        | 252          | 126          | 4,161        |
| NET POSITION   |              |              |              |              |
| Net investment in capital assets                     | 488,456      | 1,044,908    | 491,660      | 2,025,024    |
| Restricted   | 96,236       | -            | -            | 96,236       |
| Unrestricted   | (125,769)    | (658,162)    | 88,811       | (695,120)    |
| TOTAL NET POSITION                                   | 458,923      | 386,746      | 580,471      | 1,426,140    |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | \$ 4,501,368 | \$ 2,931,310 | \$ 1,520,032 | \$ 8,952,710 |

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, 2021

|  | Enterprise Funds  |                   |                   | Total               |
|--|-------------------|-------------------|-------------------|---------------------|
|  | Electric          | Water             | Wastewater        |                     |
| <b>OPERATING REVENUE</b>                     |                   |                   |                   |                     |
| Charges for services                         | \$ 2,351,084      | \$ 247,186        | \$ 119,913        | \$ 2,718,183        |
| Rental income                                | 19,669            | -                 | -                 | 19,669              |
| Sales of labor and material                  | 80,562            | 456               | -                 | 81,018              |
| Other operating revenue                      | 50,865            | 301               | -                 | 51,166              |
| <b>TOTAL OPERATING REVENUE</b>               | <u>2,502,180</u>  | <u>247,943</u>    | <u>119,913</u>    | <u>2,870,036</u>    |
| <b>OPERATING EXPENSES</b>                    |                   |                   |                   |                     |
| Purchased power and transmission             | 1,332,929         | -                 | -                 | 1,332,929           |
| Distribution                                 | 199,240           | 81,928            | 33,365            | 314,533             |
| Customer account expenses                    | 269,632           | 14,250            | 8,042             | 291,924             |
| Administrative & general                     | 541,285           | 39,840            | 11,886            | 593,011             |
| Depreciation expense                         | 153,265           | 14,144            | 16,890            | 184,299             |
| Taxes  | 180,445           | 8,025             | 1,905             | 190,375             |
| <b>TOTAL OPERATING EXPENSES</b>              | <u>2,676,796</u>  | <u>158,187</u>    | <u>72,088</u>     | <u>2,907,071</u>    |
| <b>INCOME (LOSS) FROM OPERATIONS</b>         | <u>(174,616)</u>  | <u>89,756</u>     | <u>47,825</u>     | <u>(37,035)</u>     |
| <b>NON-OPERATING REVENUE (EXPENSE)</b>       |                   |                   |                   |                     |
| Dividend Income                              | 96,885            | -                 | -                 | 96,885              |
| Interest and penalties                       | 7,045             | 1,019             | 783               | 8,847               |
| Gain on sale of assets                       | 1,595             | -                 | -                 | 1,595               |
| Interest Expense                             | (39,579)          | (25,400)          | (9,754)           | (74,733)            |
| <b>TOTAL NON-OPERATING REVENUE (EXPENSE)</b> | <u>65,946</u>     | <u>(24,381)</u>   | <u>(8,971)</u>    | <u>32,594</u>       |
| <b>INCREASE (DECREASE) IN NET POSITION</b>   | (108,670)         | 65,375            | 38,854            | (4,441)             |
| <b>NET POSITION, BEGINNING OF YEAR</b>       | <u>567,593</u>    | <u>321,371</u>    | <u>541,617</u>    | <u>1,430,581</u>    |
| <b>NET POSITION, END OF YEAR</b>             | <u>\$ 458,923</u> | <u>\$ 386,746</u> | <u>\$ 580,471</u> | <u>\$ 1,426,140</u> |

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
 For the Year Ended December 31, 2021

|  | Business-Type Activities |                  |                  |                   |
|--|--------------------------|------------------|------------------|-------------------|
|  | Electric                 | Water            | Wastewater       | Total             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                          |                  |                  |                   |
| Cash received from customers   | \$ 2,373,184             | \$ 271,272       | \$ 111,240       | \$ 2,755,696      |
| Cash receipts from other services and rental income                  | 50,865                   | 301              | -                | 51,166            |
| Cash payments for customer account services                          | (269,632)                | (14,250)         | (8,042)          | (291,924)         |
| Cash payments for taxes  | (180,445)                | (8,025)          | (1,905)          | (190,375)         |
| Cash payments to employees including benefits                        | (493,098)                | (36,628)         | (10,280)         | (540,006)         |
| Cash payments to suppliers   | (1,496,845)              | (81,472)         | (33,365)         | (1,611,682)       |
| <br>   |                          |                  |                  |                   |
| NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES                     | <u>(15,971)</u>          | <u>131,198</u>   | <u>57,648</u>    | <u>172,875</u>    |
| <br>   |                          |                  |                  |                   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>      |                          |                  |                  |                   |
| Acquisitions and construction of capital projects                    | (39,524)                 | (1,287,486)      | (270,707)        | (1,597,717)       |
| Proceeds from sale of assets   | 1,595                    | -                | -                | 1,595             |
| Proceeds from short-term notes                                       | 280,000                  | 1,171,292        | 167,377          | 1,618,669         |
| Principal payments on short-term debt                                | (14,300)                 | (1,675,000)      | (450,000)        | (2,139,300)       |
| Proceeds from long-term debt   | -                        | 1,721,351        | 577,765          | 2,299,116         |
| Principal payments on long-term debt                                 | (123,759)                | -                | -                | (123,759)         |
| Interest paid  | (39,579)                 | (25,400)         | (9,755)          | (74,734)          |
| <br>   |                          |                  |                  |                   |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>64,433</u>            | <u>(95,243)</u>  | <u>14,680</u>    | <u>(16,130)</u>   |
| <br>   |                          |                  |                  |                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                          |                  |                  |                   |
| Receipt of interest and dividends                                    | 62,532                   | 1,019            | 783              | 64,334            |
| Transferred from Investments   | 13,309                   | -                | -                | 13,309            |
| Restricted cash  | (193)                    | -                | -                | (193)             |
| <br>   |                          |                  |                  |                   |
| NET CASH PROVIDED BY INVESTING ACTIVITIES                            | <u>75,648</u>            | <u>1,019</u>     | <u>783</u>       | <u>77,450</u>     |
| <br>   |                          |                  |                  |                   |
| NET INCREASE IN CASH   | 124,110                  | 36,974           | 73,111           | 234,195           |
| <br>   |                          |                  |                  |                   |
| CASH - BEGINNING OF YEAR   | <u>142,106</u>           | <u>14,027</u>    | <u>21,243</u>    | <u>177,376</u>    |
| <br>   |                          |                  |                  |                   |
| CASH - END OF YEAR   | <u>\$ 266,216</u>        | <u>\$ 51,001</u> | <u>\$ 94,354</u> | <u>\$ 411,571</u> |

See Accompanying Notes to Financial Statements.



Village of Hyde Park, Vermont  
FUND FINANCIAL STATEMENTS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended December 31, 2021

|   | Business-Type Activities |            |            |             |
|---|--------------------------|------------|------------|-------------|
|   | Electric                 | Water      | Wastewater | Total       |
| Reconciliation of operating income (loss) to net cash<br>Provided (used) by operating activities  |                          |            |            |             |
| Operating income (loss)   | \$ (174,616)             | \$ 89,756  | \$ 47,825  | \$ (37,035) |
| Adjustments to reconcile operating income to net cash<br>provided (used) by operating activities: |                          |            |            |             |
| Depreciation  | 153,265                  | 14,144     | 16,890     | 184,299     |
| (Increase)Decrease in:  |                          |            |            |             |
| Accounts receivable, net  | 29,761                   | 5,695      | (11,298)   | 24,158      |
| Prepaid expenses  | (8,154)                  | -          | -          | (8,154)     |
| Unbilled revenues   | 8,019                    | -          | -          | 8,019       |
| Inventories   | (3,853)                  | 4,532      | -          | 679         |
| Deferred outflows   | (24,106)                 | (1,607)    | (804)      | (26,517)    |
| Increase(Decrease) in:  |                          |            |            |             |
| Accounts payable  | 13,987                   | (11,034)   | 19         | 2,972       |
| Customer deposits   | 15,952                   | 26,092     | -          | 42,044      |
| Accrued expenses and other liabilities  | (63,397)                 | -          | 3,355      | (60,042)    |
| Due to other funds  | (33,747)                 | (1,199)    | (749)      | (35,695)    |
| Deferred inflows  | 1,132                    | 75         | 38         | 1,245       |
| Net Pension Liability   | 71,161                   | 4,744      | 2,372      | 78,277      |
| Unearned revenue  | (1,375)                  | -          | -          | (1,375)     |
| Net cash provided/(used) by operating activities  | \$ (15,971)              | \$ 131,198 | \$ 57,648  | \$ 172,875  |

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont  
 FUND FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 December 31, 2021

|   | <u>Trust<br/>Fund</u> |
|---|-----------------------|
| <u>ASSETS</u>                           |                       |
| Cash                                    | \$ 42,383             |
| Investments                             | <u>64,650</u>         |
| TOTAL ASSETS                            | <u>\$ 107,033</u>     |
| <br><u>LIABILITIES AND NET POSITION</u> |                       |
| NET POSITION                            |                       |
| Restricted                              | 107,033               |
| TOTAL NET POSITION                      | <u>107,033</u>        |
| TOTAL LIABILITIES AND NET POSITION      | <u>\$ 107,033</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, 2021

|                                 | <u>Trust<br/>Fund</u>    |
|---------------------------------|--------------------------|
| ADDITIONS                       |                          |
| Investment Income               | \$ 13,326                |
| TOTAL ADDITIONS                 | <u>13,326</u>            |
| DEDUCTIONS                      |                          |
| Trust Expenses                  | 315                      |
| TOTAL DEDUCTIONS                | <u>315</u>               |
| CHANGE IN NET POSITIONS         | 13,011                   |
| NET POSITION, BEGINNING OF YEAR | <u>94,022</u>            |
| NET POSITION, END OF YEAR       | <u><u>\$ 107,033</u></u> |

See Accompanying Notes to the Financial Statements

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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, 2021

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, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Net Position and Fund Balance:

Government-Wide Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

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

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

#### Governmental Funds

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

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

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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, 2021, depreciation expense was \$153,265 in the Electric Fund, \$45,666 in the General Fund, \$14,144 in the Water Fund and \$16,890 in the Wastewater Fund.

Delinquent Property Taxes Receivable: Delinquent taxes receivable represent property taxes outstanding as of December 31, 2021. 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, 2021. 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, 2021

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, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Property taxes are assessed based on the appraised value of the property as of April 1. Taxes were levied at a rate of \$.088 per \$100 of assessed value on a total grand list of \$41,280,800 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, 2021

NOTE 2 CASH AND CASH EQUIVALENTS (continued)

At December 31, 2021, the carrying amount of the Village's deposits, including certificates of deposit, was \$737,903, and the bank balance was \$808,022. 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, 2021, the Village's deposits were covered by federal deposit insurance or offset by debt.

At December 31, 2021, the Village had \$13,532 in restricted cash balances for the sidewalk project.

At December 31, 2021, the Village had \$96,208 in restricted cash balances for the solar project. Not all of the money from the bond has been expended; this money is in escrow used only for the solar project. The Village has a three-year time limit from the date at which bond funds were available (February 1, 2016). The Village has received approval from Union Bank to leave the money in a sinking fund until such time as the final expenses for the solar fund are presented.

NOTE 3 RESTRICTED NET POSITION

Restricted net position at December 31, 2021 are as follows:

|                  |                  |
|------------------|------------------|
| General Fund:    |                  |
| Sidewalk Project | \$ 13,532        |
| ARPA Grant Funds | 71,593           |
| Elsa French Park | <u>1,784</u>     |
|                  | <u>\$ 86,909</u> |
| Electric Fund    |                  |
| Solar Project    | <u>\$ 96,236</u> |

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

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

| <b>Business-type activities:</b>            | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Electric Fund:                              |                              |                  |                  |                           |
| Capital assets, not being depreciated       |                              |                  |                  |                           |
| Land and land rights                        | \$ 21,676                    | \$ -             | \$ -             | \$ 21,676                 |
| Construction in progress                    | <u>20,014</u>                | <u>-</u>         | <u>-</u>         | <u>20,014</u>             |
| Total capital assets, not being depreciated | <u>41,690</u>                | <u>-</u>         | <u>-</u>         | <u>41,690</u>             |

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 4 CAPITAL ASSETS (continued)

| <b>Business-type activities:</b>             | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets, being depreciated            |                              |                  |                  |                           |
| Transmission plant                           | 131,359                      | -                | -                | 131,359                   |
| Solar panels                                 | 2,984,283                    | -                | -                | 2,984,283                 |
| Distribution plant                           | 1,691,647                    | -                | -                | 1,691,647                 |
| General plant                                | <u>969,978</u>               | <u>39,524</u>    | <u>(19,440)</u>  | <u>990,062</u>            |
| Total capital assets, being depreciated      | 5,777,267                    | 39,524           | (19,440)         | 5,797,351                 |
| Accumulated depreciation for capital assets  | <u>(2,847,445)</u>           | <u>(153,265)</u> | <u>19,440</u>    | <u>(2,981,270)</u>        |
| Total capital assets, being depreciated, net | <u>2,929,822</u>             | <u>(113,741)</u> | <u>-</u>         | <u>2,816,081</u>          |
| Electric fund, capital assets, net           | <u>2,971,512</u>             | <u>(113,741)</u> | <u>-</u>         | <u>2,857,771</u>          |
| Water Fund:                                  |                              |                  |                  |                           |
| Capital assets, not being depreciated        |                              |                  |                  |                           |
| Construction in progress                     | <u>1,332,613</u>             | <u>1,278,975</u> | <u>-</u>         | <u>2,611,588</u>          |
| Capital assets, being depreciated            |                              |                  |                  |                           |
| Buildings and improvements                   | 175,867                      | -                | -                | 175,867                   |
| Pipelines and services                       | 301,579                      | 8,511            | -                | 310,090                   |
| Equipment                                    | 18,590                       | -                | -                | 18,590                    |
| Meters                                       | <u>41,318</u>                | <u>-</u>         | <u>-</u>         | <u>41,318</u>             |
| Total capital assets, being depreciated      | 537,354                      | 8,511            | -                | 545,865                   |
| Accumulated depreciation for capital assets  | <u>(340,836)</u>             | <u>(14,144)</u>  | <u>-</u>         | <u>(354,980)</u>          |
| Total capital assets, being depreciated, net | <u>196,518</u>               | <u>(5,633)</u>   | <u>-</u>         | <u>190,885</u>            |
| Water fund, capital assets, net              | <u>1,529,131</u>             | <u>1,273,342</u> | <u>-</u>         | <u>2,802,473</u>          |
| Wastewater Fund:                             |                              |                  |                  |                           |
| Capital assets, not being depreciated        |                              |                  |                  |                           |
| Land   | 34,500                       | -                | -                | 34,500                    |
| Construction in progress                     | <u>687,921</u>               | <u>270,707</u>   | <u>-</u>         | <u>958,628</u>            |
| Total capital assets, not being depreciated  | <u>722,421</u>               | <u>270,707</u>   | <u>-</u>         | <u>993,128</u>            |

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 4 CAPITAL ASSETS (continued)

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>           | <u>Decreases</u>   | <u>Ending<br/>Balance</u>  |
|--|------------------------------|----------------------------|--------------------|----------------------------|
| Capital assets, being depreciated                    |                              |                            |                    |                            |
| Utility plant- collection system                     | 800,273                      | -                          | -                  | 800,273                    |
| Utility plant- treatment system                      | 16,728                       | -                          | -                  | 16,728                     |
| Utility plant- disposal system                       | 25,092                       | -                          | -                  | 25,092                     |
| Utility plant - pumps                                | 16,868                       | -                          | -                  | 16,868                     |
| Equipment  | <u>20,325</u>                | <u>-</u>                   | <u>(1,500)</u>     | <u>18,825</u>              |
| Total capital assets, being depreciated              | <u>879,286</u>               | <u>-</u>                   | <u>(1,500)</u>     | <u>877,786</u>             |
| Accumulated depreciation for capital assets          | <u>(721,057)</u>             | <u>(16,890)</u>            | <u>1,500</u>       | <u>(736,447)</u>           |
| Total capital assets, being depreciated, net         | <u>158,229</u>               | <u>(16,890)</u>            | <u>-</u>           | <u>141,339</u>             |
| Wastewater fund, capital assets, net                 | <u>880,650</u>               | <u>253,817</u>             | <u>-</u>           | <u>1,134,467</u>           |
| <b>Business-type Activities, Capital Assets, Net</b> | <b><u>\$ 5,381,293</u></b>   | <b><u>\$ 1,413,418</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 6,794,711</u></b> |
| <b>Governmental activities:</b>                      |                              |                            |                    |                            |
| 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>107,092</u>               | <u>-</u>                   | <u>-</u>           | <u>107,092</u>             |
| Total capital assets, being depreciated              | <u>1,743,161</u>             | <u>-</u>                   | <u>-</u>           | <u>1,743,161</u>           |

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 4 CAPITAL ASSETS (continued)

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Accumulated depreciation for capital assets  |                              |                    |                  |                           |
| Building                                     | (1,004,462)                  | (7,740)            | -                | (1,012,202)               |
| Sidewalks                                    | (124,470)                    | -                  | -                | (124,470)                 |
| Sidewalk enhancement                         | (102,278)                    | (16,308)           | -                | (118,586)                 |
| Crosswalks                                   | (4,248)                      | -                  | -                | (4,248)                   |
| Other structures                             | (13,374)                     | (10,909)           | -                | (24,283)                  |
| Equipment                                    | (4,854)                      | (10,709)           | -                | (15,563)                  |
|  | <u>(1,253,686)</u>           | <u>(45,666)</u>    | <u>-</u>         | <u>(1,299,352)</u>        |
| Total accumulated depreciation               | (1,253,686)                  | (45,666)           | -                | (1,299,352)               |
| Total capital assets, being depreciated, net | <u>489,475</u>               | <u>(45,666)</u>    | <u>-</u>         | <u>443,809</u>            |
| General fund, capital assets, net            | <u>\$ 495,975</u>            | <u>\$ (45,666)</u> | <u>\$ -</u>      | <u>\$ 450,309</u>         |

NOTE 5 NOTE PAYABLE – SHORT-TERM

The following is a summary of changes in short-term debt for the year ended December 31, 2021.

| <b>Business-type activities:</b>  | <u>Balance<br/>12/31/20</u> | <u>Additions</u>  | <u>Principal<br/>Repayments</u> | <u>Balance<br/>12/31/21</u> |
|---|-----------------------------|-------------------|---------------------------------|-----------------------------|
| Electric Fund:  |                             |                   |                                 |                             |
| Note payable, Union Bank due October 16, 2021,<br>interest at 1.49%, secured by equipment       | \$ 8,045                    | \$ -              | \$ (8,045)                      | \$ -                        |
| Line of Credit, Union Bank due February 19, 2021<br>interest at 2.08% - anticipation of revenue | 460,000                     | -                 | (460,000)                       | -                           |
| Line of Credit, Union Bank due February 19, 2022<br>interest at 1.19% - anticipation of revenue | -                           | 460,000           | -                               | 460,000                     |
| Line of Credit, Union Bank due January 29, 2022<br>interest at 1.35% - anticipation of revenue  | -                           | 250,000           | -                               | 250,000                     |
| Line of Credit, Union Bank due April 15, 2022<br>interest at 1.49% - equipment purchase         | -                           | 30,000            | -                               | 30,000                      |
| Note payable, Union Bank due August 9, 2021,<br>interest at 1.494%, secured by equipment        | <u>18,857</u>               | <u>-</u>          | <u>(6,255)</u>                  | <u>12,602</u>               |
|   | <u>\$ 486,902</u>           | <u>\$ 740,000</u> | <u>\$ (474,300)</u>             | <u>\$ 752,602</u>           |

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 5 NOTE PAYABLE – SHORT-TERM (continued)

| <b>Business-type activities:</b>   | <u>Balance<br/>12/31/20</u> | <u>Additions</u>    | <u>Principal<br/>Repayments</u> | <u>Balance<br/>12/31/21</u> |
|--|-----------------------------|---------------------|---------------------------------|-----------------------------|
| Water Fund:<br>Note payable, Union Bank due April 27, 2022,<br>interest at 1.77%, \$4,267,000 available,<br>secured by infrastructure    | \$ 1,026,686                | \$ 1,171,292        | \$ (1,675,000)                  | \$ 522,978                  |
| Wastewater Fund:<br>Note payable, Union Bank due April 27, 2022,<br>interest at 1.66%, \$985,000 available,<br>secured by infrastructure | <u>520,846</u>              | <u>167,377</u>      | <u>(450,000)</u>                | <u>238,223</u>              |
| <b>TOTAL BUSINESS-TYPE FUNDS</b>   | <u>\$ 2,034,434</u>         | <u>\$ 2,078,669</u> | <u>\$ (2,599,300)</u>           | <u>\$ 1,513,803</u>         |

NOTE 6 NOTES PAYABLE – LONG TERM

| <b>Governmental activities:</b>   | <u>Balance<br/>12/31/20</u> | <u>Additions</u> | <u>Principal<br/>Repayments</u> | <u>Balance<br/>12/31/21</u> | <u>Current<br/>Portion</u> |
|---|-----------------------------|------------------|---------------------------------|-----------------------------|----------------------------|
| General Fund<br>2.95% John Deere Financial,<br>annual payments of \$15,978<br>to include interest due 9/22/20<br>through 2026 | <u>\$ 86,582</u>            | <u>\$ -</u>      | <u>\$ (13,388)</u>              | <u>\$ 73,194</u>            | <u>\$ 13,789</u>           |

Schedule maturities of note payable for the general fund are as follows at December 31, 2021:

|      | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|------|------------------|-----------------|------------------|
| 2022 | \$ 13,789        | \$ 2,189        | \$ 15,978        |
| 2023 | 14,201           | 1,777           | 15,978           |
| 2024 | 14,626           | 1,352           | 15,978           |
| 2025 | 15,063           | 915             | 15,978           |
| 2026 | <u>15,515</u>    | <u>463</u>      | <u>15,978</u>    |
|      | <u>\$ 73,194</u> | <u>\$ 6,696</u> | <u>\$ 79,890</u> |

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 6 NOTES PAYABLE – LONG TERM (continued)

| <b>Business-type activities:</b>   | <u>Balance<br/>12/31/20</u> | <u>Additions</u>    | <u>Principal<br/>Repayments</u> | <u>Balance<br/>12/31/21</u> | <u>Current<br/>Portion</u> |
|--|-----------------------------|---------------------|---------------------------------|-----------------------------|----------------------------|
| Electric Fund:   |                             |                     |                                 |                             |                            |
| 4.23% Union Bank, annual principal payments of \$123,760 to include interest, paid on February 1st through 2041  | \$ 2,598,959                | \$ -                | \$ (123,759)                    | \$ 2,475,200                | \$ 123,760                 |
| <b>TOTAL ELECTRIC FUND<br/>LONG-TERM DEBT</b>  | <u>2,598,959</u>            | <u>-</u>            | <u>(123,759)</u>                | <u>2,475,200</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, through 2024                                 | -                           | 8,060               | -                               | 8,060                       | -                          |
| 0.00% Vermont State Revolving Fund, \$4,267,000 available, forgiveness of \$1,066,750, annual principal payments of \$30,540, paid on August 1, through 2051 | 142,889                     | 1,713,291           | -                               | 1,856,180                   | 106,675                    |
| <b>TOTAL WATER FUND<br/>LONG-TERM DEBT</b>   | <u>142,889</u>              | <u>1,721,351</u>    | <u>-</u>                        | <u>1,864,240</u>            | <u>106,675</u>             |
| Wastewater Fund:   |                             |                     |                                 |                             |                            |
| 0.00% Vermont State Revolving Fund, \$985,000 available, annual principal payments of \$9,336, paid on November 1, through 2027                              | 103,660                     | 560,866             | -                               | 664,526                     | 38,618                     |
| 0.00% Vermont State Revolving Fund, \$35,000 available, annual principal payments of \$3,500, paid on March 1, 2024 - 2028                                   | -                           | 16,899              | -                               | 16,899                      | -                          |
| <b>TOTAL WASTEWATER FUND<br/>LONG-TERM DEBT</b>  | <u>103,660</u>              | <u>577,765</u>      | <u>-</u>                        | <u>681,425</u>              | <u>38,618</u>              |
| <b>TOTAL BUSINESS-TYPE ACTIVITIES</b>  | <u>\$ 2,845,508</u>         | <u>\$ 2,299,116</u> | <u>\$ (123,759)</u>             | <u>\$ 5,020,865</u>         | <u>\$ 269,053</u>          |



Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 6 NOTES PAYABLE – LONG TERM (continued)

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, 2021:

|           | Electric Fund       |                   | Water Fund          |             | Wastewater Fund   |                   | Total               |                   |
|-----------|---------------------|-------------------|---------------------|-------------|-------------------|-------------------|---------------------|-------------------|
|           | Principal           | Interest          | Principal           | Interest    | Principal         | Fees              | Principal           | Interest & Fees   |
| 2022      | \$ 123,760          | \$ 28,725         | \$ 106,675          | \$ -        | \$ 38,618         | \$ 18,766         | \$ 269,053          | \$ 47,491         |
| 2023      | 123,760             | 27,289            | 106,675             | -           | 39,391            | 17,994            | 269,826             | 45,283            |
| 2024      | 123,760             | 25,853            | 108,287             | -           | 43,678            | 17,206            | 275,725             | 43,059            |
| 2025      | 123,760             | 24,417            | 108,287             | -           | 44,482            | 16,403            | 276,529             | 40,820            |
| 2026      | 123,760             | 22,980            | 108,287             | -           | 43,251            | 15,583            | 275,298             | 38,563            |
| 2027-2031 | 618,800             | 93,358            | 536,599             | -           | 230,326           | 65,034            | 1,385,725           | 158,392           |
| 2032-2036 | 618,800             | 48,266            | 533,375             | -           | 241,679           | 41,941            | 1,393,854           | 90,207            |
| 2037-2041 | 618,799             | 18,101            | 256,055             | -           | -                 | -                 | 874,854             | 18,101            |
|           | <u>\$ 2,475,199</u> | <u>\$ 288,989</u> | <u>\$ 1,864,240</u> | <u>\$ -</u> | <u>\$ 681,425</u> | <u>\$ 192,927</u> | <u>\$ 5,020,864</u> | <u>\$ 481,916</u> |

NOTE 7 COMMITMENTS AND CONTINGENCIES

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

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS

In August of 2018, The Village of Hyde Park Electric Department (HPE) became a direct member of the ISO – New England power market. HPE has also entered into a service contract with Energy New England, LLC to administer and execute power contracts with the ISO – New England power market as HPE's agent. A brief summary of the major power supply contracts as of December 31, 2021 held by HPE is as follows:

**Hydro Quebec Contract:**

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

Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS(continued)

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

**New York Power Authority:**

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

**Ryegate:**

Ryegate is a 20 MW wood-fired unit, that was once within the VEPPI 4.100 projects. The VEPPI contract expired on October 31, 2012. The VT utilities negotiated a 10-year contract for power through VEPP Inc. The contract is for both power and renewable energy credits. Hyde Park’s allocation for the November 1, 2021 through October 31, 2022 contract year is 0.2472% of unit generation. This contract will terminate on November 1, 2022.

**SPEED (Sustainable Prices Energy Enterprise Development):**

SPEED Standard Offer is a program established under Vermont Public Utility Commission Rule 4.300. The program’s goal is to achieve renewable energy and long-term stably priced contacts. 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, 2020 through October 31, 2021 was 0.2418% and increased to 0.2536% for November 1, 2021 through October 31, 2022. Hyde Park receives a modest capacity credit, and renewable energy credits for the resources. The rate per resource is based on fuel type. The SPEED program started in the fourth quarter of 2010.

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

Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

**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. The tables that follow list the capacity MW allotment for the contract and 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 (“EFECs”). 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      | 0.083      | 0.050      |

**Waterhouse Solar**

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

**Hyde Park Bilateral Purchase**

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

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

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

**Sources of Energy:**

The percentages of energy (kWh) acquired for the year ended December 31, 2021, was as follows:

| 2021 Total KWh's by Resource |               |               |                   |           |         |                  |              |
|------------------------------|---------------|---------------|-------------------|-----------|---------|------------------|--------------|
| Resource                     | Type          | MWH           | KWH               | Resources | Fuel    | Location         | Date         |
| NYPA - Niagara               | Block         | 1,400         | 1,399,647         | 10.25%    | Hydro   | Roseton          | 9/1/2025     |
| NYPA - St. Lawrence          | Block         | 22            | 21,836            | 0.16%     | Hydro   | Roseton          | 4/30/2032    |
| Ryegate                      | Wood Unit     | 385           | 384,335           | 2.82%     | Wood    | RYGT             | 11/1/2022    |
| VEPPI- SPEED ISO Settlement  | SPEED         | 20            | 19,948            | 0.15%     | Methane | VT Nodes         |              |
| HQ PPA Contract              | ISO Bilateral | 607           | 607,360           | 4.45%     | Hydro   | HQ Highgate 120  | 10/31/2038   |
| Bilateral - Seabrook         | Bilateral     | 680           | 679,964           | 4.98%     | Nuclear | Seabrook 555     | 12/31/2034   |
| Bilateral Purchase           | ISO Bilateral | 6,531         | 6,531,100         | 47.85%    |         | Mass Hub         | 12/31/2022   |
| ISO Energy Net Interchange   |               | <u>2,439</u>  | <u>2,438,630</u>  | 17.86%    |         |                  |              |
| Totals                       |               | 12,083        | 12,082,820        |           |         |                  |              |
| Waterhouse Solar Project     | Load Reducer  | 1,323         | 1,322,743         | 9.69%     | Solar   | Behind the meter | Life of Unit |
| VEPPI- SPEED BTM             | Load Reducer  | <u>245</u>    | <u>244,974</u>    | 1.79%     | Mix     | Behind the meter |              |
| Total                        |               | <u>13,651</u> | <u>13,650,537</u> |           |         |                  |              |

Power Costs from all power vendor sources for the year ended December 31, 2021 was as follows:

**TOTAL SUPPLY COSTS**

|                               |                |
|-------------------------------|----------------|
| NYPA - Niagara                | \$ 44,669      |
| NYPA - St. Lawrence           | 883            |
| Ryegate                       | 40,150         |
| VEPPI - SPEED ISO             | 2,878          |
| VEPPI - SPEED BTM             | 51,756         |
| HQ PPA                        | 31,413         |
| Bilateral Purchase - Seabrook | 45,894         |
| Purchase                      | 278,095        |
| ISO Energy Net Interchange    | 310,210        |
| Subtotal Power Supply         | <u>805,948</u> |

**TRANSMISSION COSTS**

|                                |                |
|--------------------------------|----------------|
| ISO OATT Charges               | 313,798        |
| GMP Transmission               | 75,755         |
| Velco '91 Transmission Charges | 57,694         |
| Subtotal Transmission          | <u>447,247</u> |

Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

**VPPSA/ENE AND OTHER COSTS**

|  |                            |
|--|----------------------------|
| ISO Load Based Charges                     | 7,786                      |
| ISO Schedule Charges                       | 36,072                     |
| ENE- Mgmt./Consulting                      | 54,900                     |
| VELCO Admin Fees                           | 9,219                      |
| REC Sale/Purchase                          | <u>(28,243)</u>            |
| Subtotal VPPSA and Other                   | <u>79,734</u>              |
| <b>TOTAL POWER SUPPLY AND TRANSMISSION</b> | <b><u>\$ 1,332,929</u></b> |

*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.

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

Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

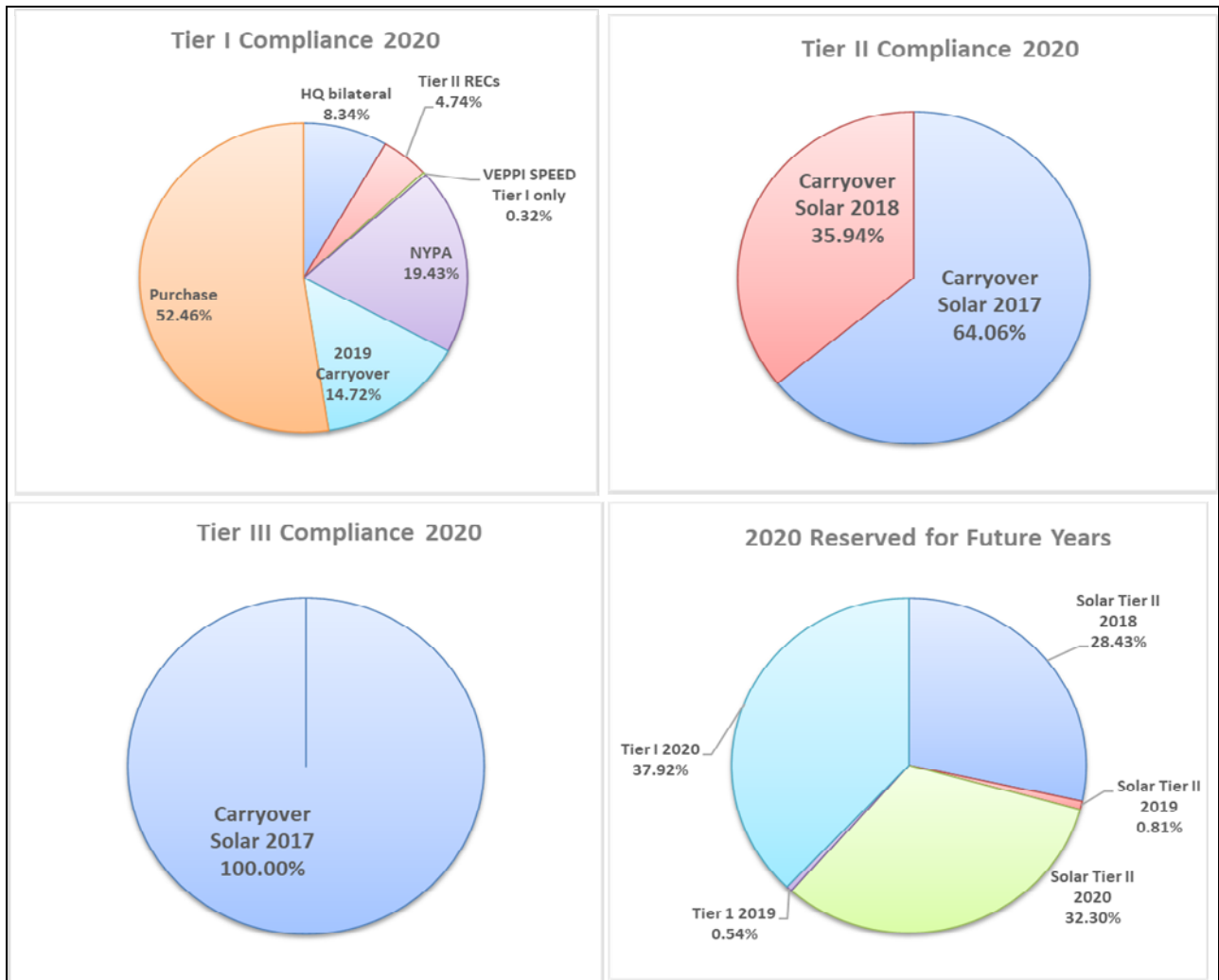
The Tier III category is for energy transformation projects. Tier III encourages projects that will help reduce fossil fuel consumption and greenhouse gas emissions. The Public Utility Commission approves a conversion method (developed by the Department of Public Service) that utilities can utilize the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

- Requirements to reach 10<sup>2/3</sup> 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

**2020 RES Compliance**

August 2021, 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, 2021

NOTE 9 INVESTMENTS MEASURED AT COST

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

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

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

|   |                          |
|---|--------------------------|
| VELCO - Class B Common Stock Shares - 3                         | \$ 300                   |
| VELCO - Class B Common Stock Shares - 400                       | 40,000                   |
| VELCO - Class B Common Stock Shares - 9                         | 900                      |
| VELCO - Class C Common Stock Shares - 210                       | 21,000                   |
| VELCO - Class C Common Stock Shares -11                         | 1,100                    |
| VELCO - Class C Common Stock Shares -14                         | 1,400                    |
| VT Transco, LLC - Class A - Membership Units 5,955              | 59,550                   |
| VT Transco, LLC - Class A - Membership Units 7,578              | <u>75,780</u>            |
| Total units owned and held by the Village                       | 200,030                  |
| VT Transco, LLC Units owned by VPPSA on the<br>Village's behalf | 327,648                  |
| Blackrock investments   | <u>151,970</u>           |
| TOTAL INVESTMENTS ELECTRIC FUND                                 | <u><u>\$ 679,648</u></u> |

NOTE 10 INVESTMENTS MEASURED AT FAIR MARKET VALUE

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

The Village has the following recurring fair value measurements as of December 31, 2021:

|                            |                 |
|----------------------------|-----------------|
| Fiduciary Fund:            |                 |
| Nationwide Securities, LLC | <u>\$64,650</u> |

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

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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, 2021 and for the Village of Hyde Park, Vermont's reporting period (the year ended December 31, 2021). 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, 2021, the State has chosen to use the end of the prior fiscal year (June 30, 2020) as the measurement date, and the year ended June 30, 2020 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, 2017, to the measurement date of June 30, 2020.

**Schedule A – Employer Allocation as of June 30, 2019**

| Fiscal Year Ended June 30, 2019 |                     |                       |                         |                        |  |  |
|---------------------------------|---------------------|-----------------------|-------------------------|------------------------|--|--|
| Employer Contributions          | Employer Proportion | Net Pension Liability | Total Deferred Outflows | Total Deferred Inflows | Net Pension Liability 1% Decrease<br>(6.50% Discount Rate) | Net Pension Liability 1% Increase<br>(8.50% Discount Rate) |
| \$ 31,378                       | 0.1633%             | \$ 283,336            | \$ 75,763               | \$ (2,946)             | \$ 464,629   | \$ 133,260   |

**Schedule B – Employers' Allocation as of June 30, 2020**

| Fiscal Year Ended June 30, 2020 |                     |                       |                         |                        |  |  |
|---------------------------------|---------------------|-----------------------|-------------------------|------------------------|--|--|
| Employer Contributions          | Employer Proportion | Net Pension Liability | Total Deferred Outflows | Total Deferred Inflows | Net Pension Liability 1% Decrease<br>(6.00% Discount Rate) | Net Pension Liability 1% Increase<br>(8.00% Discount Rate) |
| \$ 33,326                       | 0.1608%             | \$ 406,773            | \$ 137,795              | \$ (4,203)             | \$ 621,467   | \$ 230,125   |



Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

NOTE 11 DEFINED BENEFIT PLANS (VMERS) (continued)

**Schedule C – Employers’ Allocation as of June 30, 2020**

|                     |                       | 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 |
| 0.16080%            | \$ 406,773            | \$ 36,634   | \$ 54,535              | \$ -                | \$ 38,904   | \$ 7,722                                       | \$ 137,795              |

| 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 |
| \$ (1,206)  | \$ -                   | \$ -                | \$ -  | \$ (2,997)   | \$ (4,203)             |

| Pension Expense Recognized                  |   |           |
|---|---|-----------|
| Proportionate Share of Pension Plan Expense | Change in Proportional Share of Contributions | Total     |
| \$ 94,308                                   | \$ 1,677                                      | \$ 95,985 |

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

| Fiscal Year |           |           |           |      |            |
|-------------|-----------|-----------|-----------|------|------------|
| 2021        | 2022      | 2023      | 2024      | 2025 | Thereafter |
| \$ 37,796   | \$ 39,473 | \$ 34,100 | \$ 22,224 | \$ - | \$ -       |

**Schedule E – Contribution History for Fiscal Years 2017-2020**

| FY 2020   | FY 2019   | FY 2018   | FY 2017   |
|-----------|-----------|-----------|-----------|
| \$ 33,326 | \$ 31,378 | \$ 26,324 | \$ 24,614 |

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 11      DEFINED BENEFIT PLANS (VMERS) (continued)

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

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

**Plan Description**

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

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

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

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

Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

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

Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

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, 2021

NOTE 11      DEFINED BENEFIT PLANS (VMERS) (continued)

|  |  |
|--|--|
| Optional Benefit and Death<br>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 7/1/21</u> | <u>For the Fiscal year ended 6/30/21</u> |
|-----------------------------|--------------|-------------------------|--|
|                             | Group A      | 3.25%                   | 3.00%                                    |
|                             | Group B      | 5.625%                  | 5.375%                                   |
|                             | Group C      | 10.75%                  | 10.50%                                   |
|                             | Group D      | 12.10%                  | 11.85%                                   |

| <u>Employer Contributions</u> | <u>Group</u> | <u>Effective 7/1/21</u> | <u>For the Fiscal year ended 6/30/21</u> |
|-------------------------------|--------------|-------------------------|--|
|                               | Group A      | 4.75%                   | 4.50%                                    |
|                               | Group B      | 6.25%                   | 6.00%                                    |
|                               | Group C      | 8.00%                   | 7.75%                                    |
|                               | Group D      | 10.60%                  | 10.35%                                   |

**Significant Actuarial Assumptions and Methods**

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

**Salary Increases:** 5.00% per year

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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 Group B, C and D members. The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

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

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

**Inflation:** 2.30 per year%

**Long-term expected rate of return:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2020 are summarized in the following table:

Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

NOTE 11      DEFINED BENEFIT PLANS (VMERS) (continued)

| Asset Class               | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|-------------------|--|
| Global Equity             | 29.00%            | 7.07%                                  |
| US Equity - Large Cap     | 4.00%             | 6.19%                                  |
| US Equity - Small/Mid Cap | 3.00%             | 6.93%                                  |
| Non-US Equity - Large Cap | 5.00%             | 7.01%                                  |
| Non-US Equity - Small Cap | 2.00%             | 7.66%                                  |
| Emerging Markets Debt     | 4.00%             | 3.66%                                  |
| Core Bond                 | 20.00%            | 0.39%                                  |
| Private Credit            | 10.00%            | 6.03%                                  |
| US TIPS                   | 3.00%             | -0.20%                                 |
| Core Real Estate          | 5.00%             | 4.06%                                  |
| Non-Core Real Estate      | 3.00%             | 6.43%                                  |
| Private Equity            | 10.00%            | 11.27%                                 |
| Infrastructure/Farmland   | 2.00%             | 5.44%                                  |
|                           | 100.00%           |  |

**Discount rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. 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%) |
|---------------------|-----------------------|---------------------|
| \$ 621,467          | \$ 406,773            | \$ 230,125          |

Village of Hyde Park, Vermont  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021

NOTE 12 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Balances at December 31, 2021, were as follows:

|                 | Interfund<br>Receivables | Interfund<br>Payables |
|-----------------|--------------------------|-----------------------|
| General Fund    | \$ 15,748                | \$ -                  |
| Electric Fund   | -                        | 189,644               |
| Water Fund      | -                        | 92,432                |
| Wastewater Fund | 266,328                  | -                     |
| TOTAL           | \$ 282,076               | \$ 282,076            |

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

NOTE 13 OPERATING LEASE

During the year ended, December 31, 2021, the Village leased land for \$14,775 per year. The lease commenced May 21, 2015 and continues until May 21, 2040. The lease expense as of December 31, 2021 was \$14,775. The future minimum lease payments are as follows:

|           |            |
|-----------|------------|
| 2022      | \$ 14,775  |
| 2023      | 14,775     |
| 2024      | 14,775     |
| 2025      | 14,775     |
| 2026      | 14,775     |
| 2027-2031 | 73,875     |
| 2032-2036 | 73,875     |
| 2037-2041 | 59,100     |
| Total     | \$ 280,725 |



Village of Hyde Park, Vermont  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021

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.

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 June 8, 2022, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2021, have been incorporated in these financial statements herein.

Subsequent to year-end, on February 18, 2022, the Village of Hyde Park, Vermont, signed a note payable for \$710,000 at 1.15% with a local bank to combine the two existing tax anticipation notes at a lower interest rate. The note is due February 18, 2023.

Subsequent to year-end, on April 21, 2022, the Village of Hyde Park, Vermont, signed a note payable for \$24,000 at 1.99% with a local bank to acquire a piece of equipment. The note is due April 21, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Hyde Park, Vermont  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For the Year Ended December 31, 2021

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------------|-------------------------|------------------|--|
| <b>REVENUES</b>   |                            |                         |                  |  |
| Property taxes  | \$ 36,400                  | \$ 36,400               | \$ 34,378        | \$ (2,022)                             |
| Charges for service   | 22,595                     | 22,595                  | 31,544           | 8,949                                  |
| Grants  | 309                        | 309                     | 75,750           | 75,441                                 |
| Miscellaneous   | 300                        | 300                     | -                | (300)                                  |
| Interest  | <u>2</u>                   | <u>2</u>                | <u>751</u>       | <u>749</u>                             |
| <b>TOTAL REVENUES</b>   | <u>59,606</u>              | <u>59,606</u>           | <u>142,423</u>   | <u>82,817</u>                          |
| <b>EXPENDITURES</b>   |                            |                         |                  |  |
| General government and administrative                               | 37,819                     | 37,819                  | 17,458           | 20,361                                 |
| Streets and sidewalks   | 19,500                     | 19,500                  | 15,493           | 4,007                                  |
| Street lights   | 5,400                      | 5,400                   | 6,093            | (693)                                  |
| Recreation  | <u>-</u>                   | <u>-</u>                | <u>774</u>       | <u>(774)</u>                           |
| <b>TOTAL EXPENDITURES</b>   | <u>62,719</u>              | <u>62,719</u>           | <u>39,818</u>    | <u>22,901</u>                          |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>OVER (UNDER) EXPENDITURES</b> | <u>(3,113)</u>             | <u>(3,113)</u>          | <u>102,605</u>   | <u>105,718</u>                         |
| <b>OTHER FINANCING SOURCES AND USES</b>                             |                            |                         |                  |  |
| Debt Payments   | <u>-</u>                   | <u>-</u>                | <u>(15,978)</u>  | <u>(15,978)</u>                        |
| <b>TOAL OTHER FINANCING SOURCES<br/>AND USES</b>                    | <u>-</u>                   | <u>-</u>                | <u>(15,978)</u>  | <u>(15,978)</u>                        |
| <b>NET CHANGE IN FUND BALANCE</b>                                   | <u>\$ (3,113)</u>          | <u>\$ (3,113)</u>       | <u>\$ 86,627</u> | <u>\$ 89,740</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, 2021

|  | <u>2013</u>       | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       | <u>2018</u>       | <u>2019</u>       | <u>2020</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 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%           |
| 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> |
| 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> |
| 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%            |
| 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%           |

*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, 2021.*

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 For the Year Ended December 31, 2022

|  | <u>2013</u>       | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       | <u>2018</u>       | <u>2019</u>       | <u>2020</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually Required Contributions<br>(Actuarially Determined)         | \$ 16,669         | \$ 20,554         | \$ 21,622         | \$ 23,085         | \$ 24,614         | \$ 26,324         | \$ 31,378         | \$ 33,326         |
| Contributions in Relation to the<br>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>     |
| 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> |
| Contributions as a Percentage of<br>Covered Employee Payroll             | 5.80%             | 6.76%             | 6.83%             | 6.97%             | 6.82%             | 6.95%             | 7.12%             | 7.21%             |

*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, 2021.*

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont

ADDITIONAL REPORTS REQUIRED BY  
THE SINGLE AUDIT ACT

December 31, 2021

Village of Hyde Park, Vermont  
SCHEDULE OF FEDERAL AWARDS  
For the Year Ended December 31, 2021

| Federal Granter/<br>Pass-through Granter/<br>Program Title              | Federal<br>CFDA<br>Number | Pass<br>Through Granter<br>Number | Federal<br>Expenditures |
|---|---------------------------|-----------------------------------|-------------------------|
| <b><i>Drinking Water State Revolving Fund Cluster-Cluster</i></b>       |                           |                                   |                         |
| <i>United States Environmental Protection Agency</i>                    |                           |                                   |                         |
| Capitalization Grants for Drinking Water State Revolving Funds          | 66.468                    | State of Vermont<br>RF3-386-3.0   | \$ 1,023,180            |
| Total Capitalization Grants for Drinking Water State Revolving Funds    |                           |                                   | <u>1,023,180</u>        |
| <i>Total United States Environmental Protection Agency</i>              |                           |                                   | <u>1,023,180</u>        |
| <b><i>Total Drinking Water State Revolving Fund Cluster-Cluster</i></b> |                           |                                   | <u>1,023,180</u>        |
| <b><i>Clean Water State Revolving Fund Cluster-Cluster</i></b>          |                           |                                   |                         |
| <i>United States Environmental Protection Agency</i>                    |                           |                                   |                         |
| Capitalization Grants for Clean Water State Revolving Funds             | 66.458                    | State of Vermont<br>RF1-200-3.0   | 216,566                 |
| Total Capitalization Grants for Clean Water State Revolving Funds       |                           |                                   | <u>216,566</u>          |
| <i>Total United States Environmental Protection Agency</i>              |                           |                                   | <u>216,566</u>          |
| <b><i>Total Clean Water State Revolving Fund Cluster-Cluster</i></b>    |                           |                                   | <u>216,566</u>          |
| <b><i>Total Expenditures of Federal Awards</i></b>                      |                           |                                   | <u>\$ 1,239,746</u>     |

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal award activity of Village of Hyde Park, Vermont under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Village of Hyde Park, Vermont it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Village of Hyde Park, Vermont

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 REVOLVING LOANS

The Village expended \$1,239,746 in federal funds for loan programs. The Village is funding expenditure through short term notes. As of December 31, 2021, \$1,468,295 had been drawn on the federal loans. The loan proceeds are 80% federal.

Village of Hyde Park, Vermont  
SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2021

**PRIOR AUDIT FINDINGS**

**2020-1 Material Weakness in Internal Control**

Condition: Management does not possess the expertise in financial accounting and reporting in order to prepare financial statements or schedule of federal awards in accordance with generally accepted accounting principles. Because of this, there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected. There were over 20 journal entries proposed to management to issue an unmodified opinion. While management made significant improvements in the current year, there still doesn't appear to be procedures in place to allow management to timely review accounts. Some account balances still had not been reconciled to supporting documentation. Many accounts do not appear to be reconciled timely.

Recommendation: Management should evaluate the need to hire additional staff with the financial expertise in financial accounting and reporting. Additional staff may also allow staff to reconcile accounts more timely and decrease the number of journal entries needed to issue an unqualified opinion.

Action Taken: Management hired a Zoning Administrator in November of 2021. The accounting staff have been relieved of the administrative tasks related to the position, allowing them to focus on accounting and reporting in a timely manner. Due to the timing of this change there was little impact during 2021.





Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2021, and the related notes to the financial statements, which collectively comprise the Village of Hyde Park, Vermont's basic financial statements and have issued our report thereon dated June 8, 2022.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Hyde Park, Vermont's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Hyde Park, Vermont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Hyde Park, Vermont's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-1 that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Hyde Park, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Village of Hyde Park, Vermont's Response to Findings**

Village of Hyde Park, Vermont's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village of Hyde Park, Vermont's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kittell Branagan



Saug

St. Albans, Vermont  
June 8, 2022





Kittell Branagan & Sargent

*Certified Public Accountants*

Vermont License #167

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the Village of Hyde Park, Vermont's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village of Hyde Park, Vermont's major federal programs for the year ended December 31, 2021. Village of Hyde Park, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Village of Hyde Park, Vermont's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Hyde Park, Vermont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village of Hyde Park, Vermont's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Village of Hyde Park, Vermont, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

### **Report on Internal Control over Compliance**

Management of the Village of Hyde Park, Vermont, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Hyde Park, Vermont's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Hyde Park, Vermont's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



St. Albans, Vermont  
June 8, 2022

Village of Hyde Park, Vermont  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Village of Hyde Park, Vermont
2. There was one material weakness disclosed during the audit of the financial statements of Village of Hyde Park, Vermont
3. No instances of noncompliance material to the financial statements of the Village of Hyde Park, Vermont were disclosed during the audit.
4. There was no significant deficiency disclosed in independent report on compliance for each major program and on internal control over compliance required by the uniform guidance.
5. The auditor's report on compliance for the major federal award programs for the Village of Hyde Park, Vermont expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2CFR section 200.516(a) are reported in this schedule.
7. The program tested as major programs was: CFDA # 66.468– Capitalization Grants for Drinking Water State Revolving Funds.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Village of Hyde Park, Vermont was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2021-1 Material Weakness in Internal Control

Management does not possess the expertise in financial accounting and reporting in order to prepare financial statements or schedule of federal awards in accordance with generally accepted accounting principles. Because of this, there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected. There were over 20 journal entries proposed to management to issue an unmodified opinion. While management made significant improvements in the current year, there still doesn't appear to be procedures in place to allow management to timely review accounts. Some account balances still had not been reconciled to supporting documentation. Many accounts do not appear to be reconciled timely.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs related to the major federal award programs.

Village of Hyde Park, Vermont  
CORRECTIVE ACTION PLAN  
December 31, 2021

June 8, 2022

U.S. Environmental Protection Agency

Village of Hyde Park, Vermont respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name and Address of Independent Accounting Firm:

Kittell, Branagan & Sargent  
154 North Main St.  
St. Albans, Vermont 05478

Audit Period: 01/01/2021 – 12/31/2021

The findings from the December 31, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## **FINANCIAL STATEMENT FINDINGS**

### **2021-1 Material Weaknesses in Internal Control**

Recommendation: Management should evaluate the need to hire additional staff with the financial expertise in financial accounting and reporting. Additional staff may also allow staff to reconcile accounts more timely and decrease the number of journal entries needed to issue an unqualified opinion.

Action Taken: Management hired a Zoning Administrator in November of 2021. The accounting staff has been relieved of the administrative tasks related to the position, allowing them to focus on accounting and reporting in a timely manner.

If the U.S. Environmental Protection Agency has questions regarding this plan, please call Karen Wescom at (802) 888-2310.

Sincerely yours,

Karen Wescom  
Village Treasurer