

Village of Hyde Park, Vermont

FINANCIAL STATEMENTS

December 31, 2018

Village of Hyde Park, Vermont
FINANCIAL STATEMENTS
December 31, 2018

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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund information of the Village of Hyde Park, Vermont, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of Hyde Park, Vermont, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on page 37, schedule of proportionate share of the net pension liability on page 38 and schedule of contributions on page 39 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.

A handwritten signature in cursive script that reads "Kaitell Brannagan" followed by a small symbol and the word "Budget".

St. Albans, Vermont
April 18, 2019

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

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, 2018 (FY 2018). 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 2018 to note for further discussion, as follows:

Total net position as of December 31, 2018 decreased \$236,860 compared to a decrease of \$113,158 in FY 2017.

- Net position of General Fund (governmental) activities decreased by \$2,195 compared to a decrease of \$53,513 in FY 2017.
 - The Village property tax rate of \$.082 per \$100 of property value for FY 2018 generated revenue of \$36,583. The Village property tax rate of \$.08 per \$100 of property value in FY 2017 generated revenue of \$34,956. The market value of the grand list decreased to \$40,319,800 in FY 2018 from \$42,267,781 in FY 2017, a town wide reappraisal was completed for assessment year beginning April 1, 2018.
- Net position of Electric Department, Water Department and Wastewater/Sewer Department (business-type enterprise activities) decreased \$234,665 for FY 2018, as compared to a decrease of \$59,645 in FY 2017. Revenue generated by charges for electric services increased by \$35,534, while expenses increased \$213,380. For water and wastewater/sewer business-type activities, combined charges for services decreased \$3,164 from the prior year, while expenses decreased by \$16,941.
 - Electric Department rate increases trended upwards in years prior to FY 2011 as follows: effective December 1, 2007 rates increased 6.98%, effective February 1, 2009, rates increased 8.38%, and effective July 1, 2010 rates increased 14.47%.
 - Water Department rate increases became effective March 1, 2009: bi-monthly water customer charge to \$30.00, and water usage rates to \$5.00/ per 1,000 gallons.
 - Wastewater/Sewer Department rate increases effective March 1, 2009: bi-monthly wastewater customer charge to \$70.00 and wastewater/sewer usage rates from \$2.25/ per 1,000 gallons to \$5.35/per 1,000 gallons.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements - Reporting VOHP as a Whole

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

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

These two statements report net position and the changes in them. Over time, increases or decreases in net position are indicators of whether its financial health is improving or deteriorating and should take into consideration non-financial factors such as changes in property tax base, the condition of utility infrastructure 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 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/sewer 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.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

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

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

FINANCIAL ANALYSIS - VOHP AS A WHOLE

For FY 2018, VOHP combined net position decreased \$236,860 as compared to a decrease of \$113,158 in FY 2017. Our analysis below focuses on the net position and changes in net position of VOHP's governmental and business-type activities.

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	2018 <u>Totals</u>	2017 <u>Totals</u>	Increase <u>(Decrease)</u>
Cash and cash equivalents	\$ 93,929	\$ 234,758	\$ 328,687	\$ 696,432	\$ (367,745)
Other assets	17,631	743,257	760,888	537,926	222,962
Restricted assets	13,473	117,104	130,577	200,262	(69,685)
Investments	-	521,680	521,680	361,841	59,839
Capital assets, net	452,735	3,869,400	4,322,135	4,357,377	(35,242)
Deferred Outflows	<u>1,005</u>	<u>99,489</u>	<u>100,494</u>	<u>127,926</u>	<u>(27,432)</u>
Total Assets And Deferred Outflows	<u>578,773</u>	<u>5,585,688</u>	<u>6,164,461</u>	<u>6,281,764</u>	<u>(117,303)</u>
Debt	-	3,179,212	3,179,212	3,108,527	70,685
Other liabilities	5,054	695,353	700,407	654,621	45,786
Unearned revenue	-	22,000	22,000	23,375	(1,375)
Deferred Inflows	<u>64</u>	<u>6,366</u>	<u>6,430</u>	<u>1,971</u>	<u>4,459</u>
Total Liabilities And Deferred Inflows	<u>5,118</u>	<u>3,902,931</u>	<u>3,908,049</u>	<u>3,788,494</u>	<u>119,555</u>
Net Position	<u>\$ 573,655</u>	<u>\$1,682,757</u>	<u>\$2,256,412</u>	<u>\$2,493,270</u>	<u>\$ (236,860)</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.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

	<u>Governmental</u>	<u>Business-type</u>	<u>Total Activities</u>
Net Position – Beginning	\$ 575,850	\$ 1,917,422	\$ 2,493,272
Net Position – Ending	<u>573,655</u>	<u>1,682,757</u>	<u>2,256,412</u>
Change in Net Position	<u>\$ (2,195)</u>	<u>\$ (234,665)</u>	<u>\$ (236,860)</u>

VOHP's total revenue increased to \$2,585,871 in FY 2018 as compared to FY 2017 revenue of \$2,582,124 an increase of \$3,747. 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 \$1,509, this year while total expenses increased \$4,170. In FY 2018, the tax rate was assessed as \$.082 per \$100 of property value. The tax rate appears sufficient to cover normal General Fund operating expenses; however, should nonrecurring legal costs, capital projects, new or expanded services, or maintenance of sidewalks and streets expense increase in the future, reserves may deplete and additional tax increases considered.

The cost of all governmental activities, excluding capital outlays, was \$33,899 for FY 2018 as compared \$41,212 for FY 2017. 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 \$36,004. The cost was paid partially by other funds in the amount of \$23,933 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>2018</u>	<u>2017</u>	<u>Change</u>
General government & administration	\$12,794	\$ 6,557	\$ 6,237
Streets and sidewalk	16,208	18,518	(2,310)
Street lights	4,495	5,416	(921)
Village Services/Parks	<u>402</u>	<u>10,721</u>	<u>(10,319)</u>
Total Governmental Activities	<u>\$33,899</u>	<u>\$41,212</u>	<u>\$ (7,313)</u>

Business-Type Activities Revenue and Expenses

Revenues of VOHP's business-type activities have increased over FY 2017 revenues by \$19,233, and overall expenses have increased by \$196,439, over the prior year. The factors driving these results include:

Revenues

Electric charges for electric service increased \$56,361 from the prior year. Water and Wastewater/Sewer revenue decreased by approximately 1% over 2017 due to decreased usage.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Expenses

Electric expenses increased by \$213,380 to \$2,567,388 as compared to \$2,354,008 in FY 2017. Purchase power and transmission costs continue to be the largest expense of the VOHP's business-type activities. These expenses increased to \$1,369,196 in FY 2018 from \$1,281,523 in FY 2017, a 6% increase. Water and Wastewater/Sewer expenses decreased to \$153,290 in FY 2018 from \$170,231 in FY 2017, a difference of \$16,941.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS – VOHP'S FUNDS

Governmental Funds

VOHP's governmental funds (as presented in the balance sheet on page 3) reports a combined fund balance of \$121,429, which is a decrease of \$73,583 over the FY 2017 fund balance of \$195,012. Of this fund balance, \$13,473 has been restricted for future sidewalk or crosswalk capital projects. As discussed above, restricted funds are not available for general government spending.

The primary reasons for the General Fund changes are highlighted. In addition, these activities should be noted:

Proprietary Funds

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

Electric

<u>Statement of Revenue, Expenditures, and Changes in Net Position</u>	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Total Operating Revenues	<u>\$2,193,218</u>	<u>\$2,157,684</u>	<u>\$ 35,534</u>
Expenses:			
Purchased power, transmission and distribution	1,582,595	1,478,389	104,206
Customer accounts	230,320	222,111	8,209
Administrative and general	422,685	332,397	90,288
Depreciation expenses	185,677	188,851	(3,174)
Taxes	<u>146,111</u>	<u>132,260</u>	<u>13,851</u>
Total Operating Expenses	<u>2,567,388</u>	<u>2,354,008</u>	<u>213,380</u>
Operating Income (Loss)	(374,170)	(196,324)	(177,846)
Non-operating income	<u>129,480</u>	<u>123,002</u>	<u>6,478</u>
Change in net position	<u>\$ (244,690)</u>	<u>\$ (73,322)</u>	<u>\$ (171,368)</u>

- Hyde Park Electric (HPE) provides services to 1,374 retail customers. Of those, 1,187 (or 86%) are residential, 158 (or 11%) are small commercial, 3 (or 0.2%) are large commercial or industrial, and the remainder is public street lighting. This is consistent with prior years.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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- HPE service territory encompasses the Village as well as portions of the Town of Hyde Park and Town of Johnson. About 90% of HPE's customers reside within the village and town portions of Hyde Park. The area of the service territory is approximately 18 square miles. The system's largest electrical customer is Lamoille Union High School and service extends to North Hyde Park and the National Guard facilities. HPE connects to the transmission system of Green Mountain Power (GMP). HPE utilized the power supply services of Vermont Public Power Supply Authority until August 1, 2018. At that time, HPE began receiving power supply services from ENE, Energy New England.
- HPE continues system improvements for reliability of the distribution system.
- In FY 2018, striving to maintain system reliability, right-of-way clearing expenses were \$20,300. System reliability remains strong as demonstrated in the annual "Reliability Report" submitted to the Vermont Department of Public Service. The total number of "customer hours out" was approximately 3,809 out of a possible 12,036,240 total. Of the customer hours out, 91% related to incidents relating to trees, 79% of those outages related to severe weather patterns.
- HPE supplied 41% of electric requirements by contracts with renewable resource generators and our Waterhouse Solar Project.

WATER

<u>Statement of Revenue, Expenditures, and Changes in Net Position</u>	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Total Operating Revenues	\$ 88,869	\$ 88,451	\$ 418
Expenses:			
Distribution	43,480	41,810	1,670
Customer accounts	12,439	13,719	(1,280)
Administrative and general	21,153	38,433	(17,280)
Depreciation expenses	13,352	13,397	(45)
Taxes	<u>5,140</u>	<u>5,068</u>	<u>72</u>
Total Operating Expenses	<u>95,564</u>	<u>112,427</u>	<u>(16,863)</u>
Operating Income (Loss)	(6,695)	(23,976)	17,281
Non-operating income	<u>484</u>	<u>20,098</u>	<u>(19,614)</u>
Change in net position	<u>\$ (6,211)</u>	<u>\$ (3,878)</u>	<u>\$ (2,333)</u>

- In 1910-11, VOHP installed an 8-inch water main through Main Street. In 1941-42, the Fitch Hill reservoir was constructed. Although capacity is in abundance, the age of the water system and expense of outage repairs is a serious concern which prompted engineering analysis that began in 2016 and continued in 2017. The Dufresne Group presented a Condition of Water Systems Asset Report as part of the 2016 Water Asset Management Grant as a first step in improvements and financing alternatives. In 2017, VOHP entered into a Drinking Water System Engineering Services Agreement with Dufresne Group.
- In 2018, we attained 2019 Priority List with the State Revolving Fund in the amount of \$4,267,000 as estimated by the Preliminary Engineering Report by Dufresne Group and approved by the state for Final Drinking Water Engineering Designs. The bond hearing is scheduled for the fall of 2019 in order to proceed in 2020 to initiate replacement of main water lines.

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

<u>Statement of Revenue, Expenditures, and Changes in Net Position</u>	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Total Operating Revenues	\$ 73,513	\$ 75,095	\$ (1,582)
Expenses:			
Distribution	22,589	20,786	1,803
Customer accounts	6,255	5,946	309
Administrative and general	10,842	13,402	(2,560)
Depreciation expenses	16,890	16,776	114
Taxes	<u>1,150</u>	<u>894</u>	<u>256</u>
Total Operating Expenses	<u>57,726</u>	<u>57,804</u>	<u>(78)</u>
Operating Income (Loss)	15,787	17,291	(1,504)
Non-operating income	<u>449</u>	<u>264</u>	<u>185</u>
Change in net position	<u>\$ 16,236</u>	<u>\$ 17,555</u>	<u>\$ (1,319)</u>

- The wastewater system, installed in 1977-78, reached an age that necessitated an engineering inspection, analysis, design and financial planning in 2017.
- In 2018, following the final engineering report, Voters approved general obligation bonds or notes of the Village of Hyde Park in an amount not to exceed \$985,000, subject to reduction from the receipt of available state and federal grants-in-aid, be issued for the purpose of financing the cost of improving the wastewater collection, pumping and treatment systems. These improvements are expected to be completed in 2020.

CAPITAL ASSETS

At the end of 2018, VOHP has a net book value of \$4,322,135 and \$4,357,377 invested in a broad range of capital assets in the governmental activities and business-type activities, including buildings, transportation equipment, sidewalks and crosswalks, electric utility infrastructure, a solar generating plant, water service lines, water treatment facility, sewer service lines, and two sewer fields. See Pages 18-20 of the Notes to Financial Statements for details. Of the \$244,555 total depreciation expense charged to 2017 expenses, \$28,638 was charged to the governmental activities. The remaining \$215,919 is charged to the business-type activities.

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

HPE received Public Utility Commission approval of a two-year Community Solar Rider pilot program to be in effect November 1, 2018 through October 31, 2020. The two-year pilot program will be offered to residential and rural rate customers who meet certain income limits and be limited to 10 participating customers in order to allow Hyde Park to gain experience with the mechanics of implementing the tariff. The goal is to develop a permanent Community Solar Rider program that would be supplied by new or dedicated renewable generation resources after the pilot period has ended. This ruling satisfied the requirements of the Clean Energy Development Grant and Vermont Public Service Department grant agreement of August 8, 2016 to provide funding to assist HPE to establish a pilot residential community solar rider. This grant will contribute to a large part of VOHP's investment in a new billing and accounting system that will allow cost effective billing of the Net Metering Tariff and other PUC approved rate initiatives. On December 30, 2016, HPE entered into a sales and computer software license and support agreement with Southeastern Data Cooperative Inc. (SEDC) to replace antiquated billing and accounting software and hardware. The transition period began in 2017 and billing began in 2018. The accounting conversion will continue through 2019.

ECONOMIC FACTORS AND RATES

We are performing engineering studies, asset evaluations, and evaluation of funding alternatives to guide future actions toward all infrastructure investments. The electric distribution substation and transmission will require engineering studies and financial analysis to determine location within the next two years.

In 2018, HPE's total wholesale energy requirements were 12,964.235 MWH compared to 12,277.959 MWH in 2017, an increase of 686.279 MWH or 5.5%. HPE reached a peak energy requirement of 2.51 MW in January 2018, versus a 2.49 MW in December 2017.

Wholesale power delivered to the HPE substation is comprised of three cost components: Energy, Capacity and Transmission. The outlook looks stable for capacity charges. Transmission charges are projected to increase over the coming years. 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.

Another cost beyond HPE control is Vermont's net metering program, which requires utilities to compensate producers at rates above retail prices and adds to HPE operating cost. VOHP's largest electrical customer is Lamoyille Union High School. In 2017, the school entered into a net-metering contract with a private company who owns a 150 kW solar array in North Hyde Park. In FY 2018, the total net metering compensation paid was \$63,938. HPE must recover this added expense through electric rates. There will be forward pressure on all Vermont utilities.

Hyde Park Solar, Waterhouse Project, commissioned on August 5, 2016, is a 1 MW (AC) ground mounted solar facility, owned by the Village of Hyde Park, and financed by U.S. Treasury, Clean Renewable Energy Bonds, which will provide an interest subsidy of approximately \$1.34MM. Waterhouse Project is not an ISO-NE registered generating facility, but is a resource directly connected to the Hyde Park Electric distribution system and used to serve the electric needs of all Hyde Park Electric customers. Waterhouse Project allows HPE to meet the early requirements of the Vermont Renewable Energy Standard ("RES") and provides for cost effective "peak shave" which results in savings in energy, capacity, and transmission costs. By producing power via a direct tie to the HPE distribution system, we strive to mitigate the vagaries of the market while providing greater cost stability and savings to HPE ratepayers. In 2018, HPE generated approximately 1.32MW for HPE ratepayers and generated 1.32MW Renewable Energy Credits to offset Alternative Compliance Payments as required by RES, or to sell in the market, depending on value and timing, in order to provide maximum financial value to HPE electric ratepayers.

Village of Hyde Park, Vermont
MANAGEMENT'S DISCUSSION AND ANALYSIS
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VOHP continues to apply for grants and subsidies to offset the cost of implementing enhancements within the village including properties, sidewalks, crosswalks, signage and parks, as well as for municipal departments.

Utility Rates

Electric

The factors that apply the greatest upward pressure on rates are increasing transmission costs, regulatory burdens such as net metering expense, increased cost to operate and taxes. Other impacts are related to weather, market based energy expense and equipment failure. We projected the need for a rate increase in 2016 in the event that the Waterhouse Solar project was not constructed. The solar project began electric generation in August, 2016, and the rate increase was delayed until 2019 by utilizing a line of credit. The Board must be financially responsible in the ability to maintain HPE and that will result in increased rates. Background: On January 14, 2016, Hyde Park Electric (HPE) was granted a Certificate of Public Good authorizing the installation and operation of the Waterhouse Solar Project, a 1MW solar electric generation facility. As required, HPE provided the Public Utility Department (PUD) and the Vermont Public Service Commission (PUC) with two financial forecasts, one with solar and one without construction of our Waterhouse Solar Project. The "without solar" forecast showed the necessity of a rate increase in 2016, and the "with solar" financial forecast displaying the necessity of a rate increase in 2018.

Water

The water system has incurred numerous mainline breaks and leaks over the last few years that have drained cash reserves. The major impacts to upward water rates are infrastructure failures and the timing of infrastructure improvements and related bond repayment.

Wastewater / Sewer

Timely infrastructure improvements funded by the approved bond should prevent costly and temporary maintenance expense. Reserve funds should allow a phase-in of the voter approved bond beginning in 2022.

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, 2018

	Governmental Activities	Business-Type Activities	2018 Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
CURRENT ASSETS:			
Cash	\$ 93,929	\$ 234,758	\$ 328,687
Investments	-	521,680	521,680
Accounts receivable, net	4,614	391,004	395,618
Unbilled revenues	-	78,261	78,261
Inventories	-	96,091	96,091
Due from other funds	13,017	177,901	190,918
TOTAL CURRENT ASSETS	<u>111,560</u>	<u>1,499,695</u>	<u>1,611,255</u>
CAPITAL ASSETS, net	452,735	3,869,400	4,322,135
RESTRICTED CASH	<u>13,473</u>	<u>117,104</u>	<u>130,577</u>
TOTAL ASSETS	577,768	5,486,199	6,063,967
DEFERRED OUTFLOWS OF RESOURCES	<u>1,005</u>	<u>99,489</u>	<u>100,494</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 578,773</u>	<u>\$ 5,585,688</u>	<u>\$ 6,164,461</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 3,004	\$ 164,343	\$ 167,347
Customer deposits	-	9,534	9,534
Accrued expenses and other liabilities	194	120,536	120,730
Accrued interest	-	29,269	29,269
Due to other funds	-	190,918	190,918
Short-term note	-	332,733	332,733
Current portion bonds & notes payable	-	123,760	123,760
Unearned revenue	-	22,000	22,000
TOTAL CURRENT LIABILITIES	<u>3,198</u>	<u>993,093</u>	<u>996,291</u>
LONG-TERM LIABILITIES			
Net pension liability	1,856	180,753	182,609
Bonds & notes payable	-	2,722,719	2,722,719
TOTAL LONG-TERM LIABILITIES	<u>1,856</u>	<u>2,903,472</u>	<u>2,905,328</u>
TOTAL LIABILITIES	<u>5,054</u>	<u>3,896,565</u>	<u>3,901,619</u>
DEFERRED INFLOWS OF RESOURCES			
VMERS pension	<u>64</u>	<u>6,366</u>	<u>6,430</u>
NET POSITION			
Net investment in capital assets	452,735	1,022,921	1,475,656
Restricted	13,473	117,104	130,577
Unrestricted	107,447	542,732	650,179
TOTAL NET POSITION	<u>573,655</u>	<u>1,682,757</u>	<u>2,256,412</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 578,773</u>	<u>\$ 5,585,688</u>	<u>\$ 6,164,461</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
VILLAGE-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Functions/Programs</u>					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
General government and administration	\$ 11,910	\$ 23,431	\$ -	\$ -	\$ 11,521	\$ -	\$ 11,521
Streets and sidewalks	44,845	-	-	-	(44,845)	-	(44,845)
Recreation	1,461	-	-	-	(1,461)	-	(1,461)
Street lights	4,495	-	-	-	(4,495)	-	(4,495)
Total government activities	<u>62,711</u>	<u>23,431</u>	<u>-</u>	<u>-</u>	<u>(39,280)</u>	<u>-</u>	<u>(39,280)</u>
Business-type activities:							
Electric utilities	2,567,388	2,193,218	15,292	-	-	(358,878)	(358,878)
Sewer utilities	57,726	73,513	-	-	-	15,787	15,787
Water utilities	95,564	88,869	-	-	-	(6,695)	(6,695)
Total business-type activities	<u>\$ 2,720,678</u>	<u>\$ 2,355,600</u>	<u>\$ 15,292</u>	<u>\$ -</u>	<u>-</u>	<u>(349,786)</u>	<u>(349,786)</u>
General revenues and expenses:							
Property taxes					36,583	-	36,583
Interest income					202	154,463	154,665
Interest expense					-	(39,342)	(39,342)
Miscellaneous income					300	-	300
Total general revenues and expenses					<u>37,085</u>	<u>115,121</u>	<u>152,206</u>
Change in Net Position					(2,195)	(234,665)	(236,860)
Net Position, beginning of year					<u>575,850</u>	<u>1,917,422</u>	<u>2,493,272</u>
Net Position, end of year					<u>\$ 573,655</u>	<u>\$ 1,682,757</u>	<u>\$ 2,256,412</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2018

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 93,929
Due to other funds	14,027
Restricted Cash	<u>13,473</u>
TOTAL ASSETS	<u>\$ 121,429</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts payable	\$ 3,024
Accrued expenses	<u>1,184</u>
TOTAL LIABILITIES	<u>4,208</u>
<u>FUND BALANCE</u>	
Restricted	13,473
Unassigned	<u>103,748</u>
TOTAL FUND BALANCE	<u>117,221</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 121,429</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 BALANCE SHEET - GOVERNMENTAL FUNDS
 December 31, 2017

Fund balances of government funds	\$ 117,221
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund	452,735
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	4,614
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	(1,856)
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.	1,005
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>(64)</u>
 Net Position of Governmental Activities	 <u>\$ 573,655</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, 2018

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 36,004
Interest and penalties	202
Charges for services	23,431
Other income	<u>300</u>
TOTAL REVENUES	<u>59,937</u>
EXPENDITURES	
General government and administration	12,794
Streets and sidewalks	16,208
Street lights	4,495
Recreation	402
Capital outlays	<u>28,099</u>
TOTAL EXPENDITURES	<u>61,998</u>
CHANGE IN FUND BALANCE	(2,061)
FUND BALANCE, BEGINNING OF YEAR	<u>119,282</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 117,221</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, 2018

Net change in fund balances - governmental funds \$ (2,061)

**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

Increase in the accounts receivable 579

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. (537)

Pension expense (176)

Change in Net Position of Governmental Activities \$ (2,195)

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 FUND FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 December 31, 2018

ASSETS AND DEFERRED OUTFLOWS

	Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Totals
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash	\$ 165,255	\$ 23,925	\$ 45,578	\$ 234,758
Investments	521,680	-	-	521,680
Accounts Receivable	350,007	6,276	34,721	391,004
Unbilled Revenues	78,261	-	-	78,261
Inventories	64,942	31,149	-	96,091
Due from other funds	-	-	177,901	177,901
TOTAL CURRENT ASSETS	1,180,145	61,350	258,200	1,499,695
CAPITAL ASSETS, net	3,327,733	258,779	282,888	3,869,400
RESTRICTED CASH	117,104	-	-	117,104
TOTAL ASSETS	4,624,982	320,129	541,088	5,486,199
DEFERRED OUTFLOWS OF RESOURCES	90,444	6,030	3,015	99,489
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 4,715,426	\$ 326,159	\$ 544,103	\$ 5,585,688

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES:				
Accounts payable	\$ 132,207	\$ 11,634	\$ 20,502	\$ 164,343
Customer deposits	9,534	-	-	9,534
Accrued expenses and other liabilities	119,872	332	332	120,536
Accrued interest	29,269	-	-	29,269
Due to other funds	187,876	3,042	-	190,918
Short term note	332,733	-	-	332,733
Current portion bonds & notes payable	123,760	-	-	123,760
Unearned revenue	22,000	-	-	22,000
TOTAL CURRENT LIABILITIES	957,251	15,008	20,834	993,093
LONG-TERM LIABILITIES				
Net pension liability	162,985	12,577	5,191	180,753
Bonds & notes payable	2,722,719	-	-	2,722,719
TOTAL LONG-TERM LIABILITIES	2,885,704	12,577	5,191	2,903,472
TOTAL LIABILITIES	3,842,955	27,585	26,025	3,896,565
DEFERRED INFLOWS OF RESOURCES				
VMERS pension	5,787	386	193	6,366
NET POSITION				
Net investment in capital assets	583,014	258,779	282,888	1,124,681
Restricted	117,104	-	-	117,104
Unrestricted	166,566	39,409	234,997	440,972
TOTAL NET POSITION	866,684	298,188	517,885	1,682,757
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 4,715,426	\$ 326,159	\$ 544,103	\$ 5,585,688

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, 2018

	Enterprise Funds			
	Electric	Water	Wastewater	Total
OPERATING REVENUE				
Charges for services	\$ 2,113,708	\$ 88,132	\$ 73,513	\$ 2,275,353
Rental income	8,278	-	-	8,278
Sales of labor and material	58,636	-	-	58,636
Other operating revenue	12,596	737	-	13,333
TOTAL OPERATING REVENUE	<u>2,193,218</u>	<u>88,869</u>	<u>73,513</u>	<u>2,355,600</u>
OPERATING EXPENSES				
Purchased power and transmission	1,369,196	-	-	1,369,196
Distribution	213,399	43,480	22,589	279,468
Customer account expenses	230,320	12,439	6,255	249,014
Administrative & general	422,685	21,153	10,842	454,680
Depreciation expense	185,677	13,352	16,890	215,919
Taxes	146,111	5,140	1,150	152,401
TOTAL OPERATING EXPENSES	<u>2,567,388</u>	<u>95,564</u>	<u>57,726</u>	<u>2,720,678</u>
INCOME (LOSS) FROM OPERATIONS	<u>(374,170)</u>	<u>(6,695)</u>	<u>15,787</u>	<u>(365,078)</u>
NON-OPERATING REVENUE (EXPENSE)				
Dividend Income	148,402	-	-	148,402
Interest and penalties	5,128	484	449	6,061
Grant income	15,292	-	-	15,292
Interest Expense	(39,342)	-	-	(39,342)
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>129,480</u>	<u>484</u>	<u>449</u>	<u>130,413</u>
INCREASE (DECREASE) IN NET POSITION	<u>(244,690)</u>	<u>(6,211)</u>	<u>16,236</u>	<u>(234,665)</u>
NET POSITION, BEGINNING OF YEAR	<u>1,111,374</u>	<u>304,399</u>	<u>501,649</u>	<u>1,917,422</u>
NET POSITION, END OF YEAR	<u>\$ 866,684</u>	<u>\$ 298,188</u>	<u>\$ 517,885</u>	<u>\$ 1,682,757</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, 2018

	Business-Type Activities			
	Electric	Water	Wastewater	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,963,740	\$ 114,075	\$ (41,854)	\$ 2,035,961
Cash receipts from other services and rental income	79,510	737	-	80,247
Cash payments from customer deposits	(230,320)	(12,439)	(6,255)	(249,014)
Cash payments for taxes	(146,111)	(5,140)	(1,150)	(152,401)
Cash payments to employees including benefits	(405,412)	(20,103)	(10,318)	(435,833)
Cash payments to suppliers	(1,582,595)	(43,480)	(22,589)	(1,648,664)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(321,188)</u>	<u>33,650</u>	<u>(82,166)</u>	<u>(369,704)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions and construction of capital projects	(105,559)	(47,572)	(28,083)	(181,214)
Proceeds from long-term notes	(123,760)	-	-	(123,760)
Principal payments on long-term debt	194,445	-	-	194,445
Interest paid	(39,342)	-	-	(39,342)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(74,216)</u>	<u>(47,572)</u>	<u>(28,083)</u>	<u>(149,871)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest and dividends	153,530	484	449	154,463
Receipt of grant revenue	15,292	-	-	15,292
Restricted cash	(250)	-	-	(250)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>168,572</u>	<u>484</u>	<u>449</u>	<u>169,505</u>
NET (DECREASE) IN CASH	(226,832)	(13,438)	(109,800)	(350,070)
CASH - BEGINNING OF YEAR	<u>392,087</u>	<u>37,363</u>	<u>155,378</u>	<u>584,828</u>
CASH - END OF YEAR	<u>\$ 165,255</u>	<u>\$ 23,925</u>	<u>\$ 45,578</u>	<u>\$ 234,758</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, 2018

	Business-Type Activities			
	Electric	Water	Wastewater	Total
Reconciliation of operating income (loss) to net cash Provided (used) by operating activities				
Operating income (loss)	\$ (374,170)	\$ (6,695)	\$ 15,787	\$ (365,078)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	185,677	13,352	16,890	215,919
(Increase)Decrease in:				
Accounts receivable, net	(80,956)	1,591	(3,581)	(82,946)
Unbilled revenues	(21,055)	-	-	(21,055)
Investments	(159,839)	-	-	(159,839)
Inventories	(3,701)	1,050	-	(2,651)
Deferred outflows	24,689	1,646	823	27,158
Increase(Decrease) in:				
Accounts payable	(181,021)	10,158	19,749	(151,114)
Customer deposits	1,708	-	-	1,708
Accrued expenses and other liabilities	89,675	-	-	89,675
Due to other funds	206,596	13,144	(131,535)	88,205
Deferred inflows	4,013	268	134	4,415
Net Pension Liability	(11,429)	(864)	(433)	(12,726)
Unearned revenue	(1,375)	-	-	(1,375)
Net cash provided/(used) by operating activities	<u>\$ (321,188)</u>	<u>\$ 33,650</u>	<u>\$ (82,166)</u>	<u>\$ (369,704)</u>

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

The financial statements of the Village do not include those of separately administered entities that are not controlled by or dependent on the Village. Such control and dependence (“oversight responsibility”) is determined on the basis of five basic characteristics; financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based upon the foregoing criteria, the financial statements of the following entity are excluded from the accompanying financial statements:

Bliss Library Fund

This entity is not part of the Village’s reporting entity because the Village exercises no oversight responsibility and has no accountability for fiscal matters. The significant factors for exclusion are: the Village cannot significantly influence the entity’s operations; the entity has sole budgetary authority; the entity controls surpluses and deficits; and the Village is not responsible for fiscal management.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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. 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. The Village does not have fiduciary type funds.

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, 2018

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, 2018

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, 2018

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, 2018, depreciation expense was \$185,677 in the Electric Fund, \$28,636 in the General Fund, \$13,352 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, 2018. 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, 2018. 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, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes are assessed based on the appraised value of the property as of April 1. Taxes were levied at a rate of \$.082 per \$100 of assessed value on a total grand list of \$40,319,800 on July 1 and were due and payable on August 30. All unpaid taxes assessed become delinquent August 31.

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.

At December 31, 2018, the carrying amount of the Village's deposits, including certificates of deposit, was \$459,263, and the bank balance was \$478,928. 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, 2018, the Village's deposits were covered by federal deposit insurance or offset by debt.

At December 31, 2018, the Village had \$13,473 in restricted cash balances for the sidewalk project.

At December 31, 2018, the Village had \$117,104 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.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 RESTRICTED NET POSITION

Restricted net position at December 31, 2018 are as follows:

General Fund:	
Sidewalk Project	<u>\$ 13,473</u>
Electric Fund	
Solar Project	<u>\$ 117,104</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, 2018 is as follows:

Business-type activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Electric Fund:				
Capital assets, not being depreciated				
Land and land rights	\$ 21,676	\$ -	\$ -	\$ 21,676
Construction in progress	<u>22,842</u>	<u>69,687</u>	<u>(84,526)</u>	<u>8,003</u>
Total capital assets, not being depreciated	<u>44,518</u>	<u>69,687</u>	<u>(84,526)</u>	<u>29,679</u>
Capital assets, being depreciated				
Transmission plant	131,359	-	-	131,359
Solar panels	2,984,283	-	-	2,984,283
Distribution plant	1,684,021	174	-	1,684,195
General plant	<u>1,083,808</u>	<u>120,224</u>	<u>(35,900)</u>	<u>1,168,132</u>
Total capital assets, being depreciated	5,883,471	120,398	(35,900)	5,967,969
Accumulated depreciation for capital assets	<u>(2,520,138)</u>	<u>(185,677)</u>	<u>35,900</u>	<u>(2,669,915)</u>
Total capital assets, being depreciated, net	<u>3,363,333</u>	<u>(65,279)</u>	<u>-</u>	<u>3,298,054</u>
Electric fund, capital assets, net	<u>3,407,851</u>	<u>4,408</u>	<u>(84,526)</u>	<u>3,327,733</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Water Fund:				
Capital assets, not being depreciated				
Construction in progress	-	41,000	-	41,000
Capital assets, being depreciated				
Buildings and improvements	175,867	-	-	175,867
Pipelines and services	288,520	6,572	-	295,092
Equipment	18,590	-	-	18,590
Meters	41,318	-	-	41,318
Total capital assets, being depreciated	524,295	6,572	-	530,867
Accumulated depreciation for capital assets	<u>(299,736)</u>	<u>(13,352)</u>	<u>-</u>	<u>(313,088)</u>
Total capital assets, being depreciated, net	<u>224,559</u>	<u>(6,780)</u>	<u>-</u>	<u>217,779</u>
Water fund, capital assets, net	<u>224,559</u>	<u>34,220</u>	<u>-</u>	<u>258,779</u>
Wastewater Fund:				
Capital assets, not being depreciated				
Land	34,500	-	-	34,500
Construction in progress	34,000	22,379	-	56,379
Total capital assets, not being depreciated	<u>68,500</u>	<u>22,379</u>	<u>-</u>	<u>90,879</u>
Capital assets, being depreciated				
Utility plant- collection system	794,569	5,704	-	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	20,325	-	-	20,325
Total capital assets, being depreciated	<u>873,582</u>	<u>5,704</u>	<u>-</u>	<u>879,286</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
	<u>(670,387)</u>	<u>(16,890)</u>	<u>-</u>	<u>(687,277)</u>
Total capital assets, being depreciated, net	<u>203,195</u>	<u>(11,186)</u>	<u>-</u>	<u>192,009</u>
Wastewater fund, capital assets, net	<u>271,695</u>	<u>11,193</u>	<u>-</u>	<u>282,888</u>
Business-type Activities, Capital Assets, Net	<u>\$ 3,904,105</u>	<u>\$ 49,821</u>	<u>\$ (84,526)</u>	<u>\$ 3,869,400</u>
Governmental activities:				
General Fund:				
Capital assets, not being depreciated				
Land and land rights	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,500</u>
Capital assets, being depreciated				
Building	1,206,088	-	-	1,206,088
Sidewalks	124,470	-	-	124,470
Sidewalk enhancement	243,395	-	-	243,395
Crosswalks	4,248	-	-	4,248
Other structures	29,769	28,099	-	57,868
Equipment	<u>4,532</u>	<u>-</u>	<u>-</u>	<u>4,532</u>
Total capital assets, being depreciated	<u>1,612,502</u>	<u>28,099</u>	<u>-</u>	<u>1,640,601</u>
Accumulated depreciation for capital assets				
Building	(981,354)	(7,740)	-	(989,094)
Sidewalks	(124,474)	-	-	(124,474)
Sidewalk enhancement	(53,356)	(20,184)	-	(73,540)
Crosswalks	(3,991)	(259)	-	(4,250)
Equipment	<u>(2,555)</u>	<u>(453)</u>	<u>-</u>	<u>(3,008)</u>
Total accumulated depreciation	<u>(1,165,730)</u>	<u>(28,636)</u>	<u>-</u>	<u>(1,194,366)</u>
Total capital assets, being depreciated, net	<u>446,772</u>	<u>(537)</u>	<u>-</u>	<u>446,235</u>
General fund, capital assets, net	<u>\$ 453,272</u>	<u>\$ (537)</u>	<u>\$ -</u>	<u>\$ 452,735</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 NOTE PAYABLE – SHORT-TERM

The following is a summary of changes in short-term debt for the year ended December 31, 2018.

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 12/31/18</u>
Note payable, Union Bank due May 14, 2018, interest at 1.35%, secured by equipment	\$ 107,600	\$ -	\$ (107,600)	\$ -
Note payable, Union Bank due May 14, 2019, interest at 1.70%, secured by equipment	-	53,800	-	53,800
Note payable, Union Bank due October 6, 2018, interest at 1.27%, secured by equipment	30,688	-	(30,688)	-
Note payable, Union Bank due October 6, 2019, interest at 1.98%, secured by equipment	-	23,165	-	23,165
Line of Credit, Union Bank due December 31, 2019 interest at .93%		225,000	-	225,000
Note payable, Union Bank due August 9, 2019, interest at 1.99%, secured by equipment	<u>-</u>	<u>30,768</u>	<u>-</u>	<u>30,768</u>
	<u>\$ 138,288</u>	<u>\$ 332,733</u>	<u>\$ (138,288)</u>	<u>\$ 332,733</u>

NOTE 6 NOTES PAYABLE – LONG TERM

Business-type activities:	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Principal Repayments</u>	<u>Balance 12/31/18</u>	<u>Current Portion</u>
Electric Fund:					
4.23% Union Bank, annual principal payments of \$123,760 to include interest, paid on February 1st through 2041	<u>\$ 2,970,239</u>	<u>\$ -</u>	<u>\$ (123,760)</u>	<u>\$ 2,846,479</u>	<u>\$ 123,760</u>
TOTAL ELECTRIC FUND LONG-TERM DEBT	<u>\$ 2,970,239</u>	<u>\$ -</u>	<u>\$ (123,760)</u>	<u>\$ 2,846,479</u>	<u>\$ 123,760</u>

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 NOTES PAYABLE – LONG TERM (continued)

Schedule maturities of note payable for the electric fund are as follows at December 31, 2018:

	Notes Payable	Interest	Total
2019	\$ 123,760	\$ 29,425	\$ 153,185
2020	123,760	28,146	151,906
2021	123,760	26,867	150,627
2022	123,760	25,587	149,347
2023	123,760	24,308	148,068
2024-2028	618,800	102,350	721,150
2029-2033	618,800	70,365	689,165
2034-2038	618,800	38,381	657,181
2039-2041	371,279	7,676	378,955
	\$ 2,846,479	\$ 353,105	\$ 3,199,584

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. The agreement between HPE and Energy New England will remain in effect until December 31, 2021. From January through July 2018 HPE was a member of Vermont Public Power Supply Authority (VPPSA).

A brief summary of the major power supply contracts as of December 31, 2018 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, 2018

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 power to Vermont. The first an entitlement to the Saint Lawrence project in Massena, New York. The second is for an entitlement in 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 this entitlement to Vermont are at prices that are very competitive to the short and long term New England power market.

With the extension of Saint Lawrence, after December 23, 2017 VT utilities were no longer entitled to NYPA St. Lawrence RECs. This reduces the amount of coverage HPE is able to declare for RES compliance through the NYPA contract.

VEPPI (Vermont Electric Power Producers, Inc.):

HPE receives power from a group of independent power producer projects (IPPs) under Order 4.100 of the Vermont PSB. The power is generated by a number of small hydroelectric facilities. There are 18 VEPPI units, as of December 31, 2018 thirteen have expired. VEPPI assigns the energy generated by these facilities to on a load ratio basis that compares HPE's electric sales to other utilities in Vermont annually. The VEPPI contracts have varying maturities; the last VEPPI contract is scheduled to end in 2020. HPE's current pro rata share of the VEPPI production is 0.2084%, which started November 1, 2018 and will run through October 31, 2019. The prior percent, which ran from November 1, 2017 through October 31, 2018, was 0.2058%. The VEPPI contracts are priced with relatively high-energy rates and modest fixed costs.

There was one wood-fired facility, Ryegate, under VEPPI, that's contract expired, and was renegotiated in 2012 for 10 years.

SPEED (Sustainable Prices Energy Enterprise Development):

SPEED Standard Offer is a program established under Vermont Public Service Board 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. These projects are behind the meter and each utility will have their percent share, HPE's share for November 1, 2017 through October 31, 2018 was 0.2247% and increased to 0.2251% for November 1, 2018 through October 31, 2019), of load reduced by the output of the generation. HPE receives a modest capacity credit, and renewable energy credits for these resources. The cost paid to the SPEED projects are set based on the generation type. The SPEED began in the fourth quarter of 2010.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

NextEra – Seabrook offtake

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

Schedule	Start Date	Final Delivery Date	HPE Entitlement MW
Period 1	1/1/2019	12/31/2020	0.100
Period 2	1/1/2021	12/31/2028	0.083
Period 3	1/1/2029	12/31/1934	0.05

Waterhouse Solar

HPE has built a 1 MW AC ground mounted solar electric generation project. Estimated output is approximately 1,568 MWh per year. This is about 11% of HPE's annual energy requirement. This project's large benefit is the ability to use the renewable energy credits towards Tier 2 of the Renewable Energy Standard. Other benefits are energy, capacity, and transmission due to the fact the generation is considered distributed generation, or behind the HPE's meter. The project began operation in Summer of 2016.

Highgate Project:

In 2017, HPE sold their ownership of the Converter.

Market Contracts:

The Village of Hyde Park's portfolio contains a market contract and both long-term contracts.

Sources of Energy:

The percentages of energy (kWh) acquired for the year ended December 31, 2018, was as follows:

2018 Total KWh's by Resource								
Resource	MW	Type	MWH	KWH	Percent	Fuel	Location	End Date
NYPA - Niagara	0.18	Block	1,209	1,209,403	9.3%	Hydro	Roseton	9/1/2025
NYPA - St. Lawrence	0	Block	28	28,292	0.2%	Hydro	Roseton	4/30/2032
Waterhouse Solar Project	0	Load Reducer	1,333	1,332,914	10.2%	Solar	Behind meter	Life of Unit
VEPPI	0.1	PURPA	486	485,656	3.7%	Hydro/Wood	VT Nodes	Exp. Varies
VEPPI - SPEED	0	Load Reducer	224	224,034	1.7%	Mix	Behind meter	Exp. Varies
HQ PPA Contract	0.1	ISO Bilateral	607	606,719	4.7%	Hydro	HQ Highgate 120	2038
Bilateral Purchase - Seabrook	0.1	ISO Bilateral	-	-	0.0%	Nuclear	Seabrook 555	2034
Market Contract		ISO Bilateral	1,379	1,378,850	10.6%			
ISO Energy Net Interchange			7,770	7,769,713	59.6%			
Total			13,036	13,035,581				

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

Power Costs from all power vendor sources for the year ended December 31, 2018 was as follows:

TOTAL SUPPLY COSTS

NYPA - Niagara	\$ 30,514
NYPA - St. Lawrence	938
VEPPI - Hydro	46,712
VEPPI - SPEED	51,074
HQ PPA Contract	31,696
Bilateral Purchase	42,919
Bilateral Purchase - Seabrook	(6,113)
Bilateral Purchase	25
ISO Energy Net Interchange	<u>657,657</u>
Subtotal Power Supply	<u>855,422</u>

TRANSMISSION COSTS

ISO OATT Charges	\$ 247,063
GMP Transmission	82,323
Velco '91 Transmission Charges	<u>73,521</u>
Subtotal Transmission	<u>402,907</u>

VPPSA/ENE AND OTHER COSTS

ISO Load Based Charges	\$ 12,188
ISO Schedule Charges	20,269
VPPSA-Mgmt/Consulting	57,435
ENE-Mgmt/Consulting	25,800
VELCO Admin Fees	2,765
Class I REC Sales	<u>(7,590)</u>
Subtotal VPPSA and Other	<u>110,867</u>

TOTAL POWER SUPPLY AND TRANSMISSION \$ 1,369,196

Renewable Portfolio and upcoming Renewable Energy Standard (RES):

In July 2015, Act 56 (H. 40) was established using the 2011 Vermont Comprehensive Energy Plan in order to detail the states goals and place direction on how utilities will reach these goals. The RES requires utilities to buy or retain renewable energy credits and energy transformation projects. Each year has a percentage of retail sales that must be covered. In lieu of renewable credits or transformation project a utility can meet their obligation by paying an alternative compliance payment, at rates set by the State. The compliance rates will be adjusted annually for inflation using CPI.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 ELECTRIC POWER SOURCES AND COMMITMENTS (continued)

There are three tiers to the RES program:

- Tier I: Meet a 75% by 2032 total renewable energy requirement (55% in 2017)
 - Any class of tradeable renewable attributes that are delivered in New England qualify
 - Approved Unit generations that will qualify towards compliance are Waterhouse Solar, Hydro Quebec bilateral, Standard Offer and NYPA.
- Tier II: Meet 10% of sales with distributed generation in 2032 (1% in 2017)
 - New Vermont based unit that is 5 MWs or less or renewable generation
 - Approved Unit generations that will qualify towards compliance are Waterhouse Solar and Standard Offer.
- Tier III: Meet 12% of sales with "energy transformation projects" in 2032 (2% in 2017)

NOTE 9 INVESTMENTS

The Village of Hyde Park, Vermont 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.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 9 INVESTMENTS (continued)

At December 31, 2018, the following investment amounts were owned by Village of Hyde Park, Vermont:

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		75,780
Total units owned and held by the Village		200,030
VT Transco, LLC Units owned by VPPSA on the		
Village's behalf		203,270
Blackrock investments		118,380
TOTAL INVESTMENTS	\$	521,680

NOTE 10 PENSION PLAN

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

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

Reporting Date, Measurement Date, and Valuation Date

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the Village of Hyde Park, Vermont's reporting date December 31, 2018 and for the Village of Hyde Park, Vermont's reporting period (the year ended December 31, 2018). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of December 31, 2018, the State has chosen to use the end of the prior fiscal year (June 30, 2017) as the measurement date, and the year ended June 30, 2017 as the measurement period.

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 PENSION PLAN (continued)

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, 2018.

Schedule A – Employer Allocation as of June 30, 2016

Fiscal Year Ended June 30, 2016		
Employer Contributions	Employer Proportion	Net Pension Liability
\$ 23,085	0.1519%	\$ 195,479

Fiscal Year Ended June 30, 2016			
Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Discount Rate)	Net Pension Liability 1% Increase (8.95% Discount Rate)
\$ 101,775	\$ (1,971)	\$ 324,514	\$ 87,438

Schedule B – Employers' Allocation as of June 30, 2017

Fiscal Year Ended June 30, 2017		
Employer Contributions	Employer Proportion	Net Pension Liability
\$ 24,614	0.1507%	\$ 182,609

Fiscal Year Ended June 30, 2017			
Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.50% Discount Rate)	Net Pension Liability 1% Increase (8.50% Discount Rate)
\$ 72,793	\$ (6,430)	\$ 326,036	\$ 63,659

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 PENSION PLAN (continued)

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

		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
0.15072%	\$ 182,609	\$ 2,657	\$ 38,229	\$ -	\$ 30,415	\$ 1,492	\$ 72,793

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	
\$ (4,521)	\$ -	\$ -	\$ -	\$ (1,909)	\$ (6,430)	

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Change in Proportional Share of Contributions	Total
\$ 44,502	\$ 685	\$ 45,187

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2017

Fiscal Year					
2018	2019	2020	2021	2022	Thereafter
\$ 24,778	\$ 33,892	\$ 9,271	\$ (1,581)	\$ -	\$ -

Schedule E – Contribution History for Fiscal Years 2015-2017

FY 2017	FY 2016	FY 2015
\$ 24,614	\$ 23,085	\$ 21,622

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 PENSION PLAN (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

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

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

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

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

Summary of System Provisions

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

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE 10 PENSION PLAN (continued)

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.

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

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

Amount

Group A – 1.4% of AFC x service

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

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

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

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

Early Retirement Allowance

Eligibility

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

Amount

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

Vested Retirement Allowance

Eligibility

5 years of service.

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE 10 PENSION PLAN (continued)

Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.
 Disability Retirement Allowance	
Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.
 Death Benefit	
Eligibility	Death after 5 years of service.
Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
 Optional Benefit and Death after Retirement	
	For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
 Refund of Contribution	
	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
 Post-Retirement Adjustments	
	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.
 Member Contributions	
	Group A – 2.5%
	Group B – 4.875%

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 PENSION PLAN (continued)

Group C – 10.00%

Group D – 11.35%

Employer Contributions

Group A – 4.0%

Group B – 5.5%

Group C – 7.25%

Group D – 9.85%

Retirement Stipend

\$25 per month payable at the option of the Board of retirees.

Significant Actuarial Assumptions and Methods

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

Salary Increases: 5.00% per year

Mortality:

Death in Active Service:

Groups A, B and C: 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017

Group D: RP-2014 Blue Collar Annuitant Table with generation projection using Scale SSA-2017

Healthy Post-retirement:

Groups A, B and C: 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017

Group D: 100% of RP-2014 Healthy Annuitant with generational projection using Scale SSA-2017

Disabled Post-retirement:

All Groups: RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017

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

Cost-of-Living Adjustments to Benefits of Terminated Vested and Retired Participants:

Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2018 COLA is assumed to be 0.75% for all groups.

Village of Hyde Park, Vermont
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE 10 PENSION PLAN (continued)

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

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

Inflation: 2.50%

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%
	100.00%	

Discount rate

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

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 PENSION PLAN (continued)

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

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 326,036	\$ 182,609	\$ 63,659

NOTE 11 INDIVIDUAL FUND INTERFUND RECEIVABLE AND PAYABLE BALANCES

Balances at December 31, 2018, were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 13,017	\$ -
Electric Fund	-	187,876
Water Fund	-	3,042
Wastewater Fund	177,901	-
TOTAL	\$ 190,918	\$ 190,918

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 12 OPERATING LEASE

During the year ended, December 31, 2018, the Village began leasing 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, 2018 was \$14,775. The future minimum lease payments are as follows:

2019	\$ 14,775
2020	14,775
2021	14,775
2022	14,775
2023	14,775
2024-2028	73,875
2029-2033	73,875
2034-2038	73,875
2039-2040	29,550
Total	\$ 325,050

Village of Hyde Park, Vermont
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 13 SUBSEQUENT EVENTS

In accordance with professional account standards, the Village has evaluated subsequent events through April 18, 2019, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2018, have been incorporated in these financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Hyde Park, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 35,082	\$ 35,082	\$ 36,004	\$ 922
Charges for service	25,092	25,092	23,431	(1,661)
Miscellaneous	300	300	300	-
Interest	2	2	202	200
TOTAL REVENUES	60,476	60,476	59,937	(539)
EXPENDITURES				
General government and administrative	38,257	38,257	12,794	25,463
Streets and sidewalks	16,000	16,000	16,208	(208)
Street lights	5,400	5,400	4,495	905
Recreation	819	819	402	417
Capital outlays	-	-	28,099	(28,099)
TOTAL EXPENDITURES	60,476	60,476	61,998	(1,522)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ (2,061)	\$ (2,061)

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, 2018

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Village's proportion of the net pension liability (asset)	1.0134%	0.1593%	0.1593%	0.1519%	0.1507%
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>
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>
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%
Plan fiduciary net position as a percentage of the total pension liability	92.71%	98.32%	87.42%	80.95%	83.64%

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. There were no changes in methods or assumptions during the year ended December 31, 2018.

See Accompanying Notes to Financial Statements.

Village of Hyde Park, Vermont
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 For the Year Ended December 31, 2018

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

Significant Actuarial Assumptions and methods are described in Note 10 to the financial statements. There were no changes in methods or assumptions during the year ended December 31, 2018.

See Accompanying Notes to Financial Statements.