

**TOWN OF HYDE PARK, VERMONT**  
**BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**JUNE 30, 2019**  
**AND AUDITOR'S REPORT**

TOWN OF HYDE PARK, VERMONT

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# Glenna L. Pound

CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT AUDITOR'S REPORT

To the Selectboard of the Town of Hyde Park, Vermont:

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Town of Hyde Park, Vermont as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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

My responsibility is to express an opinion on the financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Hyde Park, Vermont as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

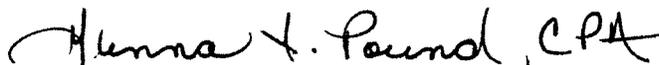
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the Schedule of Changes to the Proportionate Share of the Net Pension Liability on page 36 and the Schedule of the Town's Pension Contributions on page 37 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated February 5, 2020, on my consideration of the Town of Hyde Park, Vermont's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hyde Park, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hyde Park, Vermont's internal control over financial reporting and compliance.



Glenna L. Pound, CPA  
Stowe, VT  
February 5, 2020

**TOWN OF HYDE PARK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The Town of Hyde Park (the "Town") herein sets forth an overview and analysis of its financial operations for the fiscal year ended June 30, 2019.

***Financial Highlights:***

Government-Wide Statements

- The Town's net position decreased by \$103,838, an approximate 2.1% decrease from June 30, 2018 as a result of this year's operations.
- The cost of the Town's programs was \$2,708,365 this year compared to \$2,350,196 in the prior year, an increase of \$358,169, a 15.2% increase.
- Total net position of the Town is \$4,902,132. Of this amount \$931,279 (*Unrestricted Net Position*) may be used by the various funds of the Town to meet the Town's ongoing obligations. For comparison, Unrestricted Net Position at the end of FY2018 was \$504,717.
- There are no notes payable that are due within one year with \$0 remaining at the end of FY2019.

Fund Highlights

- The General Fund reported an increase in fund balance this year of \$195,253. The FY2019 fund balance increase resulted primarily from increased revenues over projections of \$199,804.
- The June 30, 2019 unassigned fund balance was \$513,238. \$40,000 of fund balance was used to offset the FY2019 tax rate.
- At the 2019 Town Meeting, voters approved the immediate use of: \$50,000 from the general fund balance for the Grange Hall Renovation Project (legal and roof repairs) per Article 6; and \$43,737 from the general fund balance for the highway capital reserve fund per Article 8.

***Overview of the Town's Financial Statements:***

The annual financial report consists of three components: 1) government-wide financial statements, 2) general fund financial statements, and 3) notes to the financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Hyde Park's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town of Hyde Park's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the fiscal year. The *Statement of Activities* reports operations on a full accrual basis (i.e., all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows); whereas the *Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds* presents activity of the funds on a modified accrual basis (i.e., revenue is recognized when it becomes measurable and available and expenditures are recognized when the related liability is incurred).

**TOWN OF HYDE PARK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(continued)**

Thus, in the *Statement of Activities* revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The governmental activities of the Town of Hyde Park include general administration, highways and streets, public safety, health and welfare, cemeteries, and culture and recreation.

**Fund financial statements** - A fund is a set of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For financial statement purposes, the Town has one governmental fund.

**Notes to the financial statements** - The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

**Government-wide Analysis-** The Town's June 30, 2019 net position decreased by \$103,838. Our analysis below focuses on the current year net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**Table 1  
Net Position**

	2019	2018	Net Change
Current and other assets	\$ 1,447,041	\$ 1,224,237	\$ 222,804
Capital assets	3,646,195	3,938,847	(292,652)
Deferred outflows of resources	96,801	102,903	(6,102)
Total assets	<u>5,190,037</u>	<u>5,265,987</u>	<u>(75,950)</u>
Other liabilities	26,009	24,231	1,778
Long term liabilities	256,439	230,123	26,316
Deferred inflows of resources	5,457	5,663	(206)
Total liabilities	<u>287,905</u>	<u>260,017</u>	<u>27,888</u>
Net position:			
Invested in capital assets, net of debt	3,646,195	3,938,847	(292,652)
Restricted	324,658	562,406	(237,748)
Unrestricted	931,279	504,717	426,562
Total net position	<u>\$ 4,902,132</u>	<u>\$ 5,005,970</u>	<u>\$ (103,838)</u>

The unrestricted net position of the Town increased by \$426,562 primarily due to inter-governmental transfers to classify assigned and committed fund balances, and voter approved classifications at Town Meeting 2019 for \$43,737 to Highway Capital Reserve Fund and \$50,000 to Grange Hall Repairs. No capital asset acquisitions occurred in FY2019 resulting in no offset to capital asset depreciation, thus a negative capital asset growth of \$292,652.

**TOWN OF HYDE PARK, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**  
**(continued)**

A portion of the Town's net position (\$324,658 or 6.6%) is subject to restrictions on how funds may be used. The remaining balance of \$931,279 (19.0%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. Management designates some of these funds included in the unrestricted net position for particular purposes (e.g., capital projects and reduction in taxes in subsequent years). For comparison, the unrestricted net position for FY2018 was \$504,717.

**Table 2**  
**Change in Net Position**

	<u>2019</u>	<u>2018</u>	<u>(Decrease)</u>
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 54,092	\$ 58,950	\$ (4,858)
Operating grants and contributions	165,974	154,445	11,529
Capital grants and contributions	112,502	183,784	(71,282)
General revenues			
Property taxes	2,231,626	2,142,872	88,754
Investment income (loss)	14,273	14,310	(37)
Loss on sale of capital asset	4,550	2,314	2,236
Other	<u>21,510</u>	<u>28,482</u>	<u>(6,972)</u>
Total revenues	\$ <u>2,604,527</u>	\$ <u>2,585,157</u>	\$ <u>19,370</u>
<b>Expenses</b>			
Governmental activities:			
General government	641,781	702,254	(60,473)
Highways and streets	1,147,109	768,108	379,001
Public safety	632,131	622,002	10,129
Health and welfare	95,244	83,054	12,190
Cemeteries	20,000	17,800	2,200
Culture and recreation	135,517	120,745	14,772
Special articles	36,583	36,233	350
Interest on long-term debt	-	-	-
Total expenses	\$ <u>2,708,365</u>	\$ <u>2,350,196</u>	\$ <u>358,169</u>
Change in net position	\$ <u><u>(103,838)</u></u>	\$ <u><u>234,961</u></u>	\$ <u><u>(338,799)</u></u>

**Governmental activities.** The Town's net position decreased by \$103,838 compared to an increase of \$234,961 in FY2018. The primary factor that contributed to the decrease in net position in FY2019 was the deferred acquisition of major capital projects (highway equipment) resulting in only depreciation of assets and highways and streets maintenance projects.

**TOWN OF HYDE PARK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(continued)**

***General Fund Budgetary Highlights***

The net change in the FY2019 General Fund balance increased by \$195,253; from \$1,101,162 in FY2018 to \$1,296,415. The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual compares actual results to the final budget amounts. The most significant variances were as follows:

**Revenues:**

- PILOT payments exceeded budgeted amount by \$34,682 from recalculation of eligible properties
- Intergovernmental revenues increased by \$72,205 due to highway grants.
- Contributions and donations were greater than budgeted by \$10,113

**Expenditures:**

- Employee benefit costs were \$18,561 less than budgeted primarily due to membership changes in health care plan.
- Buildings and grounds expenses were \$13,441 more than budgeted due to legal costs to quiet title to the Gihon Valley Grange Hall and other property improvements.
- Highway noncapital grant expenditures totaled \$105,433 primarily for stormwater improvements on Battle Row Road and the Better Connections economic development and transportation planning project along Main Street and Church Street.
- Fire expenses were over by \$14,652 for new generator and replacement of turn out gear.
- Library expenditures were greater than budgeted due primarily to building repairs (over budget by \$16,498) with these costs covered by grant and other non-property tax revenues.

***Capital Assets and Debt Administration***

***Capital Assets***

In FY2019, the Town added no new capital assets and only increased an inactive capital project to \$74,418 for the in-progress “Sinkhole Project” on Johnson Street Extension. After taking current year depreciation of \$327,022, the June 30, 2019 capital assets totaled \$3,646,196.

***Debt Administration***

At June 30, 2019, the Town had no notes payable outstanding; the same condition existed at June 30, 2018.

**TOWN OF HYDE PARK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(continued)**

***Economic Factors and Next Year's Budgets and Rates***

These factors were all taken into consideration when preparing the FY2020 budget:

- Wages were increased by 2.0% for FY2020, lower than the CPI-U (less food and energy) for Northeast of 2.2% as of the December 2018 report from the U.S. Bureau of Labor Statistics.
- FY2020 budgeted expenses increased overall by 4.77 % (or \$115,200) over the FY2019 expense budget primarily due to:

Service Provided	FY2019	FY2020	Change	Change
Highway Labor	233,695	246,500	12,805	5.5%
Police Patrol Services	382,700	408,400	25,700	6.7%
Ambulance Services	94,100	103,900	9,800	10.4%
Capital Reserves & Projects	193,047	235,592	42,545	22.0%

- The town's debt funding amount was \$0.00 at the start of FY2020 with one planned purchase of a new fire truck for the North Hyde Park/Eden Fire Department which will use a 5-year 0% interest loan from the Vermont Municipal Equipment Loan Fund.
- Annual capital funding reserve contributions increased in FY2020 for highway equipment reserve by \$20,000 to a total of \$130,000 and for the fire vehicle reserve by \$22,500 to \$62,500. Sidewalk and fire equipment reserves were maintained at the prior annual levels of \$25,000 and \$10,000 respectively. Recreation Reserve is funded by surplus recreation budget funds, not a designated reserve expense line item. Library Capital Reserve was created at the Annual Town Meeting 2019 with funding proposed to come from interest earned on library investments and other income to the library.

The town-wide taxable Grandlist for the Town of Hyde Park, VT is finalized in June by the Town Listers and then utilized by the Selectboard to calculate the next fiscal year's tax rate for July 1. The Grandlist change has ranged from negative 2.71% to positive 1.07%, averaging an increase of 0.28% for the past 11 fiscal years (FY2010 through FY2020). The 2019 Grandlist, used to set the FY2020 tax rate, increased by 0.99% from new building activity; residential homes & additions. Town management is committed to managing the budget (revenues and expenses) to result in tax rate increases at less than 3.0% annually, a goal that is difficult with no or very little Grandlist growth anticipated above the ideal 2.0% rate of growth or higher. The average municipal tax rate increase for the past 11 years is 2.9% with an average tax payment increase of \$25.26 per year for each \$100,000 of property valuation.

**Contacting the Town's Financial Management**

This financial report is designed to provide a general overview of the Town of Hyde Park, Vermont's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Administrator or the Town Treasurer at 344 Vermont Route 15 West, PO Box 98, Hyde Park, Vermont 05655.

TOWN OF HYDE PARK, VERMONT  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2019

ASSETS	General
Cash and cash equivalents	\$ 951,988
Property taxes receivable	144,459
Grants receivable	65,794
Prepaid items	9,680
Temporarily restricted assets:	
Cash and cash equivalents	20,356
Investments	254,764
Capital assets	6,396,979
less - accumulated depreciation	<u>(2,750,784)</u>
Net capital assets	<u>3,646,195</u>
Deferred outflows - pension	<u>96,801</u>
Total Assets and Deferred Outflows	<u>\$ 5,190,037</u>
LIABILITIES AND FUND BALANCES	
<b>LIABILITIES</b>	
Accounts payable	\$ 6,947
Accrued payroll	19,062
Long-term liabilities	
Accrued compensation	54,697
Net pension liability	201,742
Deferred inflows - pension	<u>5,457</u>
Total Liabilities and Deferred Inflows	<u>287,905</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	3,646,195
Restricted for:	
Recreation Department - grantor and voter restriction	8,676
Reappraisals - grantor restriction	53,967
Library - grantor restriction	255,679
Records restoration and maintenance - grantor and voter restriction	6,336
Unrestricted	<u>931,279</u>
Total Net Position	<u>4,902,132</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 5,190,037</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYDE PARK, VERMONT  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Total
Governmental activities:					
General government	\$ 641,781	48,416	1,500	-	\$ (591,865)
Highways and streets	1,147,109	5,174	133,669	112,502	(895,764)
Public safety	632,131	-	19,192	-	(612,939)
Health and welfare	95,244	320	-	-	(94,924)
Cemeteries	20,000	-	-	-	(20,000)
Culture and recreation	135,517	182	11,613	-	(123,722)
Outside agencies support	36,583	-	-	-	(36,583)
Total government activities	\$ <u>2,708,365</u>	<u>54,092</u>	<u>165,974</u>	<u>112,502</u>	\$ <u>(2,375,797)</u>
General revenues:					
					2,231,626
					14,273
					21,510
					4,550
					<u>2,271,959</u>
					<u>(103,838)</u>
					5,005,970
					\$ <u>4,902,132</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYDE PARK, VERMONT  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2019

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 951,988
Property taxes receivable	144,459
Grants receivable	65,794
Prepaid expenditures	9,680
Cash - temporarily restricted	20,356
Investments - temporarily restricted	254,764
Total Assets	\$ 1,447,041
<b>LIABILITIES</b>	
Accounts payable	\$ 6,947
Accrued payroll	19,062
Total Liabilities	26,009
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - grants receivable	57,159
Unavailable revenue - property taxes and interest	67,458
Total Deferred Inflows of Resources	124,617
<b>FUND BALANCES:</b>	
Nonspendable:	
Prepaid expenditures	9,680
Restricted for:	
Recreation Department - grantor and voter restriction	8,676
Reappraisals - grantor restriction	53,967
Lanpher Memorial Library - grantor restriction	255,679
Records restoration and maintenance - grantor and voter restriction	6,336
Committed for:	
Economic Development- voter and board restriction	18,285
Sidewalk and pedestrian improvements - voter restriction	115,087
Stormwater capital and road improvements - voter restriction	30,056
Highway capital - voter and board restriction	97,989
Highway town garage - voter restriction	40,587
Fire Department - voter and board restriction	122,935
Assigned for:	
Highway culvert projects-board assigned	23,900
Unassigned	513,238
Total Fund Balances	1,296,415
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,447,041

The notes to the financial statements are an integral part of this statement.

TOWN OF HYDE PARK, VERMONT  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2019

TOTAL FUND BALANCE - GOVERNMENTAL FUND (page 10) \$ 1,296,415

Amounts reported for governmental activities in the statement of net position are different because:

Net deferred outflows for pension liability. This is the amount by which projected and actual investment earnings exceeded proportional pension contributions. 91,344

Grant receivables and property taxes collected several months after the fiscal year end are not considered "available" for governmental funds until received. The total amount is reported as unavailable property taxes and interest in the governmental fund. 124,617

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. 3,646,195

Accrued compensation is not due and payable in the current period and therefore is not reported in the governmental fund. (54,697)

Net pension liability is not due and payable in the current period and therefore is not reported in the governmental fund. (201,742)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 8) \$ 4,902,132

The notes to the financial statements are an integral part of this statement.

TOWN OF HYDE PARK, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>
<b>REVENUES:</b>	
Property taxes	\$ 2,209,676
Intergovernmental revenues	203,205
Other grants	6,500
Penalties and interest	53,335
Licenses and permits	42,589
Fines	6,329
Investment income (loss)	14,273
Contributions and donations	11,613
Other revenue	<u>26,684</u>
Total Revenues	<u>2,574,204</u>
<b>EXPENDITURES:</b>	
Current:	
General government	601,094
Highways and streets	892,326
Public safety	584,009
Health and welfare	95,244
Cemeteries	20,000
Culture and recreation	119,875
Special articles	36,583
Capital outlay:	
Infrastructure	<u>34,370</u>
Total Expenditures	<u>2,383,501</u>
Excess of Revenues over Expenditures	<u>190,703</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Sale of other asset	<u>4,550</u>
Total Other Financing Sources and (Uses)	<u>4,550</u>
Net Change in Fund Balance	195,253
Fund Balance - beginning	<u>1,101,162</u>
Fund Balance - ending	\$ <u>1,296,415</u>

The notes to the financial statements are an integral part of this statement.



TOWN OF HYDE PARK, VERMONT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Original & Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Property taxes	\$ 2,011,950	\$ 2,011,950	\$ 2,033,973	\$ 22,023
Current use revenue	95,000	95,000	106,402	11,402
PILOT revenue	27,000	27,000	61,682	34,682
State school payment withheld	12,000	12,000	7,619	(4,381)
Intergovernmental revenues	131,000	131,000	203,205	72,205
Other grants	-	-	6,500	6,500
Penalties and interest	29,500	29,500	53,335	23,835
Licenses, permits and fees	38,700	38,700	42,589	3,889
Fines	4,200	4,200	6,329	2,129
Investment income (loss)	13,000	13,000	14,273	1,273
Contributions and donations	1,500	1,500	11,613	10,113
Highway other revenue	2,000	2,000	5,174	3,174
Other revenue	8,550	8,550	21,510	12,960
Total Revenues	<u>2,374,400</u>	<u>2,374,400</u>	<u>2,574,204</u>	<u>199,804</u>
<b>EXPENDITURES:</b>				
General government				
Selectboard	3,750	3,750	3,750	-
Town clerk	29,900	29,900	29,900	-
Town treasurer	29,900	29,900	29,900	-
Town office wages	165,150	165,150	155,368	9,782
Employee benefits	210,300	210,300	191,739	18,561
Town office expenses	43,300	43,300	52,211	(8,911)
Accounting/town reports	13,250	13,250	13,130	120
Listers, mapping and board of civil authority	17,500	17,500	15,213	2,287
Building and grounds	9,500	9,500	22,941	(13,441)
Legal, insurance, taxes and dues	85,000	85,000	86,942	(1,942)
Total general government	<u>607,550</u>	<u>607,550</u>	<u>601,094</u>	<u>6,456</u>
Highways and streets				
Highway general appropriations	489,695	489,695	505,532	(15,837)
Highway paving expenditures	233,047	233,047	237,034	(3,987)
Highway garage and maintenance	82,200	82,200	44,327	37,873
Highway noncapital grant expenditures	-	-	105,433	(105,433)
Total highway and streets	<u>804,942</u>	<u>804,942</u>	<u>892,326</u>	<u>(87,384)</u>
Public safety				
Sheriff's department / road patrol	382,700	382,700	382,658	42
Sheriff's department / communications	75,300	75,300	75,244	56
NHP / Eden fire department	30,425	30,425	36,555	(6,130)
Hyde Park fire department/ Fast squad	74,900	74,900	89,552	(14,652)
Total public safety	<u>563,325</u>	<u>563,325</u>	<u>584,009</u>	<u>(20,684)</u>

(continued)

TOWN OF HYDE PARK, VERMONT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Original & Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Health and welfare				
Animal control	4,900	4,900	1,218	3,682
NEMS ambulance service	94,100	94,100	94,026	74
Total health and welfare	<u>99,000</u>	<u>99,000</u>	<u>95,244</u>	<u>3,756</u>
Cemeteries	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Culture and recreation				
Lanpher Memorial Library	87,300	87,300	103,798	(16,498)
Recreation/ Community circle/ Greenup	10,700	10,700	16,077	(5,377)
Culture and recreation	<u>98,000</u>	<u>98,000</u>	<u>119,875</u>	<u>(21,875)</u>
Capital outlay:				
Machinery and equipment	165,000	165,000	-	165,000
Infrastructure and land (including grant expenses)	-	-	34,370	(34,370)
Total capital outlay	<u>165,000</u>	<u>165,000</u>	<u>34,370</u>	<u>130,630</u>
Total municipal expenditures before outside agencies support:	<u>2,357,817</u>	<u>2,357,817</u>	<u>2,346,918</u>	<u>10,899</u>
Outside agencies support:				
Hyde Park Elementary after School Program	2,000	2,000	2,000	-
Hyde Park Baseball/Softball Association	1,000	1,000	1,000	-
Lamoille Home Health and Hospice	8,862	8,862	8,862	-
Lamoille County Conservation District	500	500	500	-
Central Vermont Adult Basic Education	710	710	710	-
Capstone Community Action	300	300	300	-
Clarina Howard Nichols Center	1,250	1,250	1,250	-
Lamoille Family Center	1,500	1,500	1,500	-
Lamoille Restorative Center	900	900	900	-
Central Vermont Council on Aging	1,500	1,500	1,500	-
Retired and Senior Volunteer Program	225	225	225	-
Meals on Wheels of Lamoille County	2,400	2,400	2,400	-
River Arts	1,000	1,000	1,000	-
Home Share Now	500	500	500	-
Hyde Park Youth Mentoring	2,500	2,500	2,500	-
Hyde Park Village Improvement	200	200	200	-
North Country Animal League	500	500	500	-
Lamoille Housing Partnership	300	300	300	-
Lamoille County Planning Commission	1,829	1,829	1,829	-
Lamoille Economic Development Corporation	2,000	2,000	2,000	-
Lamoille Community Food Share	1,000	1,000	1,000	-
Lamoille Special Investigations Unit	1,907	1,907	1,907	-
VT Association of Conservation Districts	100	100	100	-
American Red Cross	250	250	250	-
Rural Community Transport	3,350	3,350	3,350	-
Total outside agencies support	<u>36,583</u>	<u>36,583</u>	<u>36,583</u>	<u>-</u>

(continued)

TOWN OF HYDE PARK, VERMONT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budgeted Amounts	Original & Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Total Expenditures	<u>2,394,400</u>	<u>2,394,400</u>	<u>2,383,501</u>	<u>10,899</u>
Excess of Revenues over Expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>190,703</u>	<u>210,703</u>
 OTHER FINANCING SOURCES (USES):				
Sale of other asset	-	-	4,550	4,550
Proceeds of loan	165,000	165,000	-	(165,000)
Transfer from General Fund Reserve	80,000	173,787	184,787	11,000
Transfer to the Town Garage Project	(40,000)	(40,000)	(40,000)	-
Transfer to the NHP Grange Hall Project		(50,000)	(50,000)	-
Transfer to the Economic Development Fund	-	-	(4,000)	(4,000)
Transfer to Sidewalk Fund	(25,000)	(25,000)	(25,000)	-
Transfer to Fire Vehicle Fund	(40,000)	(40,000)	(40,000)	-
Transfer to Highway Capital Fund	(110,000)	(153,787)	(157,787)	(4,000)
Transfer to Fire Equipment Fund	<u>(10,000)</u>	<u>(10,000)</u>	<u>(13,000)</u>	<u>(3,000)</u>
Total Other Financing Sources and Uses	<u>20,000</u>	<u>20,000</u>	<u>(140,450)</u>	<u>(160,450)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>50,253</u>	\$ <u>50,253</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Town of Hyde Park, Vermont (the Town) was chartered in Lamoille County in August 27, 1781. The Town of Hyde Park, Vermont operates under a Selectboard form of government and provides the following services: general administrative, highways and streets, public safety, health and welfare, cemeteries, and culture and recreation.

**A. Reporting Entity**

The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The reporting criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Hyde Park, Vermont.

The accounting policies adopted by the Town of Hyde Park (the "Town") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The GASB periodically updates its codification of the existing *Governmental Accounting and Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

**B. Government-Wide and Fund Financial Statements**

The basic financial statements include both the government-wide and fund financial statements. The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of inter fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide statement of net position, the financial position of the Town is consolidated and incorporates capital assets, as well as, all long-term debt and obligations. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**B. Government-Wide and Fund Financial Statements (continued)**

Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual 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 taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, fines and other revenues are considered to be measurable and available only when cash is received by the government. Investment earning and certain intergovernmental grants are recorded as earned when they become available.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(continued)**

The operations of the fund are accounted for with a set of self-balancing accounts that are comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Town may invest in investments as allowed by State Statute. Investments are carried at fair market value.

**2. Receivables and Payables**

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables. At June 30, 2019, management has determined that all property taxes receivable were collectible.

Accounts payable represent the liabilities and expenditures recognized and reported on the accrual basis of accounting in both the government-wide and the fund financial statements. These liabilities are paid in a timely manner and in full from current financial resources.

**3. Inventory and Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items or inventory in both government-wide and fund financial statements. Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Town had no inventory and \$9,680 of prepaid items at June 30, 2019.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**4. Capital Assets**

Generally accepted accounting principles require that the Town report and depreciate capital assets in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$10,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Capital assets of the Town are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 25 to 50 years for the buildings and improvements, 5 to 10 years for vehicles, 5 to 20 years for machinery and equipment and 20 to 50 for infrastructure. GASB No. 34 does not require the Town to report infrastructure assets acquired or constructed prior to July 1, 2003; the Town has not reported infrastructure assets retroactively. Other costs incurred for repairs and maintenance are expensed as incurred.

**5. Unavailable and Unearned Revenue**

The Town has recorded, in the General Fund, unavailable revenue from grants and property taxes with related interest and penalties which have not been collected within 60 days following year end and are not considered available for current-year operations. It is the Town's policy to record unexpended grant receipts as unearned revenue.

**6. Accrued compensation**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits as earned time off. All earned time off and future healthcare benefits are accrued in the government-wide financial statements. In the governmental fund, payments for compensated absences and healthcare benefits are recorded as expenditures in the year they are paid.

**7. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. The governmental fund type financial statements do not include any long-term liabilities as the governmental fund uses the current financial resources measurement focus and only includes current assets and liabilities on the balance sheet.

**8. Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the future event. The Town had deferred outflows related to pension expense as discussed in note V.A. Pension Plans.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**8. Deferred Outflows/Inflows of Resources (continued):**

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items in this category. Unavailable revenue which arises under the modified accrual basis of accounting and the difference between projected and actual earnings on pension plan investments are reported as deferred inflows of resources. Accordingly, the items of unavailable revenue (unavailable grants, property taxes and interest) are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other deferred inflow on the government-wide statement of net position is related to pension expense as discussed in note V.A. Pension Plans.

**9. Net Position**

Government-wide net position represents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by their use by Town legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

**10. Fund Balances**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, distinguishes fund balances between amounts considered nonspendable, because they are not available for current use, and amounts that are available for use, but are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. It is the Town's policy to apply expenditures to fund balance in the order of restricted, committed, assigned, and unassigned unless the Selectboard specifies otherwise. The Selectboard amended the Town's Fund Balance Policy on June 27, 2019. The Town reports the following classifications and descriptions of available fund balances.

Restricted fund balances require that inflows and outflows of resources be constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed fund balances are those balances with constraints imposed by the government using the highest decision-making authority. The Town's highest decision-making authority are the Town's registered voters.

Assigned fund balances are amounts intended for a specific purpose by the Town's Selectboard and are also appropriations of existing fund balances.

Unassigned fund balances are amounts available for any purpose.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue.

Long-term debt transaction differences arise because governmental funds report bond proceeds and principal payments as other financing sources and uses, whereas government-wide statements report those transactions as increases and decreases in liabilities.

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A. Budgetary Information**

An annual budget for the Town's general fund is approved at the Town meeting in March. The tax rate is determined by the Selectboard based on the education and municipal grand lists, the approved budget and the State education property tax liability. Formal budgetary accounting is employed as a management control device during the year for the General Fund. Management has reflected budgetary rather than generally accepted accounting principle (GAAP) expenditures in the Statement of Revenue, Expenditures and Change in Fund Balance - Budget and Actual for transfers for reserve allocations. Budget transfers were expensed while GAAP reserves are closed to fund balance at year end. The following page presents a budgetary reconciliation for these expenditures to GAAP as reflected in the Statement of Revenue and Expenditures and Change in Fund Balance.

TOWN OF HYDE PARK, VERMONT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2019

**A. Budgetary Information (continued)**

Statement of Revenue, Expenditures and Change in Fund Balance - Budget and Actual:

Change in Fund Balance - General Fund	\$	50,253
Non GAAP (revenue) expenditure items:		
Transfer from General Fund Reserve		(184,787)
Transfer to the Town Garage Project		40,000
Transfer to the NHP Grange Hall Project		50,000
Transfer to the Economic Development Fund		4,000
Transfer to Sidewalk Fund		25,000
Transfer to Fire Vehicle Fund		40,000
Transfer to Highway Capital Fund		157,787
Transfer to Fire Equipment Fund		<u>13,000</u>
Statement of Revenue, Expenditures and Change in Fund Balance (GAAP) - General Fund:	\$	<u>195,253</u>

Transfers for the fiscal year ended June 30, 2019, included \$50,000 for the North Hyde Park Grange Hall project, and \$43,787 for the Highway Capital Reserve approved on March 5, 2019 at Town Meeting.

**IV. DETAILED NOTES ON FUNDS:**

**A. Cash and Investments**

*Custodial credit risk - deposits.* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Cash received by the Town is placed in the custody of the Town Treasurer who is elected. The Town maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Town addresses custodial risk for deposits by requiring institutions to provide annual deposit insurance and/or proof of collateralization. At June 30, 2019, all the Town's deposit accounts were FDIC insured. At June 30, 2019, the Town's book balance and the Town's bank balance was \$972,344 and \$564,891, respectively. The difference between the book and bank balances is due to reconciling items such as deposits in transit and outstanding checks.

*Temporary restricted cash.* The Town maintains a separate bank account for the Lanpher Memorial Library. At June 30, 2019, \$20,356 was restricted for the library.

*Temporary restricted investments.* Investments are temporarily restricted for use by the Lanpher Memorial Library. The classification and fair value of investments held at June 30, 2019 are presented in the following table.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**A. Cash and Investments (continued)**

	<u>S&amp;P's Rating</u>	<u>Moody's Rating</u>	<u>Investment Maturity</u>	<u>Fair Value</u>
Preferred stock	A	A2	>10 years	\$ 1,184
Preferred stock	AA+	Aaa	>10 years	103,374
Preferred stock	AA-	A1	>10 years	4,902
Certificate of deposit	N/A	N/A	5/28/2020	11,014
Mutual funds	N/A	N/A	N/A	134,290
				<u>\$ 254,764</u>

*Interest rate risk* - Changes in market interest rates will affect the fair value of an interest earning investment over time. The Town does not have a deposit policy regarding interest rate risk. Maturities of investments at June 30, 2019 are indicated above.

Investments are carried at fair market value. Any unrealized gains or losses are recognized annually. The Town recorded an unrealized gain of \$59 added with investment income of \$14,214 at June 30, 2019. As of January 7, 2020, unrealized investment loss for the change in market value from June 30, 2019 was estimated at \$55,862.

The Town reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. GASB Statement No. 72, *Fair Value Measurement and Application*, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows.

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

TOWN OF HYDE PARK, VERMONT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**A. Cash and Investments (continued)**

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

The Town measures fair value using level 1 inputs because they are available and generally provide the most reliable evidence of fair value for the Town's measurement of investments.

The Town's investment policy permits the following investments.

1. U.S. Treasury Bills
2. Short-term U.S. Governments/Agency obligations
3. Certificates of Deposit
4. Bankers Acceptances
5. High Grade Commercial Paper
6. Investment Grade Obligations of State and Local Governments and Public Authorities
7. Repurchase Agreements of U.S. Government of Agency Securities
8. Money Market Funds
9. Local Government Investment Pools

**B. Property taxes receivable**

Property taxes receivable at June 30, 2019, as reported in the government-wide statement of net assets and the governmental fund balance sheet, net of applicable allowances for uncollectible accounts, are as follows.

	<u>Governmental Activities</u>
Delinquent taxes receivable	\$ 109,456
Penalty receivable	8,757
Interest receivable	6,409
Other receivable	19,837
Total receivables	\$ 144,459

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**C. Capital Assets**

In the Statement of Activities for June 30, 2019, depreciation expense of \$8,475 was included in general government activities expense, \$254,783 was included in highways and streets expense, \$48,122 was included in public safety expense and \$15,642 was included in culture and recreation expenses. The following table reflects the activity for the period ended June 30, 2019.

	July 1, 2018	Increases	Decreases	June 30, 2019
Governmental activities				
Land	\$ 114,844	-	-	\$ 114,844
Buildings and improvements	1,008,064	-	-	1,008,064
Vehicles	131,388	-	-	131,388
Machinery and equipment	2,365,611	-	-	2,365,611
Infrastructure	2,252,654	-	-	2,252,654
Construction in progress	40,048	34,370	-	74,418
Depletable asset	450,000	-	-	450,000
Total capital assets	<u>6,362,609</u>	<u>34,370</u>	<u>-</u>	<u>6,396,979</u>
Accumulated depreciation				
Buildings and improvements	561,290	26,139	-	587,429
Vehicles	48,280	9,234	-	57,514
Machinery and equipment	1,149,377	158,734	-	1,308,111
Infrastructure	519,815	127,915	-	647,730
Depletable asset	145,000	5,000	-	150,000
Total accumulated depreciation	<u>2,423,762</u>	<u>327,022</u>	<u>-</u>	<u>2,750,784</u>
Total capital assets, net	\$ <u>3,938,847</u>	<u>(292,652)</u>	<u>-</u>	\$ <u>3,646,195</u>

**D. Operating Leases**

On January 26, 2018, the Town entered into a \$150 sixty-month lease agreement for copier services. In August 2019, the Town entered into a five-year operating lease agreement for recording equipment. Operating lease payments were \$11,829 for the fiscal year ended June 30, 2019. Future lease payments for the recording equipment are estimated to be \$1,370 for the year ending June 30, 2020.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**V. OTHER INFORMATION:**

**A. Pension Plans**

*Vermont Municipal Employees' Retirement System*

Defined Benefit Plan -

Plan description: The Vermont Municipal Employees' Retirement System (VMERS) 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 municipal and school district 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, 2018, the retirement system consisted of 402 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.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources*

As of June 30, 2018, the measurement date selected by the State of Vermont, VMERS was funded at 82.60% and had a plan fiduciary net position of \$667,848,905 and a total pension liability of \$808,524,797 resulting in a net pension liability of \$140,675,892. As of June 30, 2018, the Town's proportionate share of this was .14340% resulting in a liability of \$201,746. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2018, the Town's proportion of .14340% was a decrease of 0.0028% from its proportion of .14620%

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

measured as of June 30, 2017. For the year ended June 30, 2019, the Town recognized pension expense of \$27,126.

As of June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in proportionate share of contributions	\$ 6,428	\$ 2,231
Change in balance for changes in assumptions	22,341	-
Difference between projected and actual earnings on pension plan investments	40,906	3,226
Town's required employer contribution made subsequent to the measurement date	<u>27,126</u>	<u>-</u>
	\$ <u>96,801</u>	\$ <u>5,457</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$27,126 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

*Summary of System Provisions*

**Membership** – Full time employees of participating municipalities. The Town elected coverage under Group B provisions.

**Creditable Service** – Service as a member plus purchased service.

**Average Final Compensation (AFC) – Group B** – Average annual compensation during highest three (3) consecutive years.

**Service Retirement Allowance:**

**Eligibility – Group B** – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service.

**Amount – Group B** – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**A. Pension plans (continued):**

Maximum benefit is 60% of AFC for Group B. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Group B.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

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

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability.

Death Benefit: Eligibility – Death after five (5) years of service.

Amount – For Group B, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor’s benefit under disability annuity computed as of date of death.

Optional Benefit and Death after Retirement - For Group B, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

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 3% for Group B.

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

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**A. Pension plans (continued):**

Member Contributions - Group B – 4.875%

Employer Contributions - Group B – 5.5%

*Significant Actuarial Assumptions and Methods*

Investment rate of return: 7.50%, net of pension plan investment expenses, including inflation.

Salary increases - 5% per year.

Mortality:

*Death in Active Service:* 98% of RP-2006 Tables blended 60% Blue Collar and a 40% Healthy Employee with generational improvement.

*Healthy Post-retirement:* 98% of RP-2014 Tables blended 60% Blue Collar and a 40% Healthy Annuitant with generational improvement.

*Disabled Post-retirement:* 98% of RP-2006 Disabled Mortality Table with generational improvement.

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

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.30% per annum for Group B members. The January 1, 2019 COLA is assumed to be 1.30% for all groups.

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

Actuarial Value of Assets: 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. Then value of assets for actuarial purposes may not differ from the 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 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

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**A. Pension plans (continued):**

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 pension plan's target asset allocation as of June 30, 2018, is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	18.00%	6.10%
Non-US Equity	16.00%	7.45%
Global Equity	9.00%	6.74%
Real Estate	8.00%	5.11%
Private Markets	15.00%	7.60%
Hedge Funds	8.00%	3.86%
Fixed Income	26.00%	2.25%

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

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

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$341,712	\$201,746	\$87,915

***Additional Information***

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

TOWN OF HYDE PARK, VERMONT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2019

**A. Pension plans (continued):**

State of Vermont's §457 Deferred Compensation Plan -

In November 2008, the Town joined the State of Vermont's §457 Deferred Compensation Plan (Plan). The Plan is available to all State employees and to employees of other public agencies. Internal Revenue Code Sections provide the authority under which benefit provisions are established. The employees can make voluntary contributions to the Plan up to 100% of their compensation up to \$19,000, unless the employee is over 50 years of age, then the limit is \$25,000 in 2019. The Plan requires a minimum contribution amount of \$20 per paycheck. There are no employer contributions with this plan.

**B. Risk Management**

The Town is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The Town maintained insurance coverage through Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss for the period ended June 30, 2019. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years.

**C. Property Taxes**

The Town is responsible for assessing and collecting its own property taxes as well as education taxes for the State of Vermont. The tax rate is set by the Selectboard based on the voter approved budget, the estimated grand list and the State education property tax liability. Property taxes are due four times during the year. For the year ended June 30, 2019, property taxes were due on or before August 31, 2018, November 15, 2018, February 15, 2019 and May 15, 2019. Taxes not paid by the due dates are considered delinquent. Delinquent property taxes are charged interest at a rate of 1% per month for the 1<sup>st</sup> three months and 1 1/2 % thereafter. If property taxes are not paid in full by the final May installment, an 8% penalty is charged on the unpaid balance.

The tax rates for the year ended June 30, 2019 were as follows:

	<u>Residential</u>	<u>Non-Residential</u>
Town	0.7428	0.7428
Education	<u>1.4991</u>	<u>1.5742</u>
Total	<u>2.2419</u>	<u>2.3170</u>

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**D. Joint Ventures**

*Town of Wolcott*

In 1988, the United States Department of Housing and Urban Development awarded a \$381,000 grant to the Towns of Hyde Park and Wolcott to establish a low income/senior housing mobile home park and to also provide for housing improvements to low income individuals. From these funds, \$198,000 was borrowed to develop the Sterling View Mobile Home Park. Several low-income individuals borrowed lesser amounts primarily to make weatherization and/or safety improvements to their homes. Loan payments from the borrowers are returned to the Towns of Hyde Park and Wolcott and split between them.

During 2014, the Selectboards from the Town of Hyde Park and the Town of Wolcott agreed to the terms of a new note which was filed on June 30, 2014, in the Hyde Park Land Records, Volume 146, pages 326-327. The note is for \$124,268; installments of \$1,000 to be paid on the 1<sup>st</sup> of each month starting August 1, 2014 through December 1, 2026. Interest is 3% fixed rate for 149 months. These second-generation funds may be used by the Towns for any purpose deemed appropriate by the legislative bodies. The outstanding loan balance was \$92,616 at June 30, 2019. The Union Bank serves as the trustee for the loan. During the fiscal year ended June 30, 2019, the Town of Hyde Park received \$7,990. At June 30, 2019, undistributed loan payments were \$10,001.

*Town of Eden*

North Hyde Park/Eden Fire Department is a member-owned non-profit for the purpose of providing fire protection to the residents of the Town of Eden and the northwestern part of the Town of Hyde Park. The Towns of Hyde Park and Eden provide the majority of funding to operate the North Hyde Park / Eden Fire Department. The Town of Hyde Park provided \$36,555 of support to the Fire Department for the fiscal year ended June 30, 2019.

**E. Commitments and Contingencies**

On March 10, 2010, the Town contracted with the Village of Hyde Park, VT to lease office space in the town building for 30 years which may be renewed by mutual consent. In consideration of the lease the Village paid \$17,500, in the fiscal year ended June 30, 2010, towards the town office renovations and shall continue to provide water and electric services to the town building.

On May 14, 2018, the Town entered into an agreement with the Towns of Belvidere, Eden, Johnson and Waterville to contract Newport Ambulance Services, Inc. for ambulance services from July 1, 2018 to June 30, 2019. The Town of Hyde Park's portion for the proposed service is \$94,026.

On May 30, 2018, the Town contracted with the Lamoille County Sheriff's Department for dispatching services from July 1, 2018 to June 30, 2019 in the amount of \$75,244.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

**E. Commitments and Contingencies (continued)**

On June 11, 2018, the Town contracted with the Lamoille County Sheriff's Department for patrol services from July 1, 2018 to June 30, 2019 in the amount of \$382,658.

**F. Subsequent Events**

On July 31, 2019, the Highway received a \$138,844, 2019 JD 624L loader to replace the 2005 JD 624J loader.

On August 19, 2019, the Selectboard approved a contract for paving East Main Street with the project cost estimated at \$85,000. The paving was completed October 14, 2019 at a cost of \$82,411.20.

On September 3, 2019, the Selectboard approved the Grange Roof contract for \$42,680. The roof was completed October 25, 2019 at a total cost of \$47,755.

On October 23, 2019 the Highway received a \$145,498, 2020 International Tandem to replace the 2012 International 7600 Tandem.

On November 1, 2019, the Town experienced flood damage on numerous roads and at more than 50 sites. FEMA representatives visited the worst locations on November 5, 2019 after many roads were re-opened. At December 29, 2019, damage and repair costs were \$151,750. It is unknown if the Town will be reimbursed for any of these costs.

On November 18, 2019, the Town signed a \$110,000 loan from the Vermont Municipal Equipment Loan Fund on behalf of the North Hyde Park / Eden Fire Departments new 2019 Fire Pumper Truck joint purchase with the Town of Eden, Vermont. The total acquisition cost was \$336,000 with \$168,000 from each municipality. The \$110,000, 5-year, 0% interest loan is planned to be repaid in five \$22,000 annual payments beginning in June 2020. The towns will record 50% of the truck value to each municipal depreciation schedule and, when the loan is paid, the towns plan to donate the truck to the fire department and remove it from their depreciation schedules.

On December 3, 2019, The Selectboard approved paving for North Hyde Park Road at Thompson and Whitcomb Island Bridge at an amount not to exceed \$102,000 and stone crushing not to exceed \$40,500.

TOWN OF HYDE PARK, VERMONT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019

**G. Schedule of Changes in the Town's Proportionate Share of the Net Pension Liability and Schedule of the Town Contributions.**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town is required to disclose historical information for each of the prior ten years within a schedule of changes in the Town's proportionate share of the net pension liability, and schedule of Town contributions. The Town implemented the provisions of GASB Statement No. 68 during the year ended June 30, 2013. Accordingly, the historic information has only been presented for those years which information was readily available. Additional disclosures will be made in future years as the information becomes available.

TOWN OF HYDE PARK, VERMONT  
SCHEDULE OF THE CHANGES IN THE TOWN'S PORPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2019

	For the measurement period ended June 30,						
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's proportion of the net pension liability (asset)	N/A	0.1434%	0.1462%	0.1296%	0.1342%	0.1332%	0.1366%
Town's proportionate share of the net pension liability (asset) \$	N/A	201,746	\$ 177,129	\$ 166,746	\$ 103,485	\$ 12,158	\$ 49,718
Town's covered-employee payroll	\$ 482,241	456,722	\$ 434,109	\$ 358,035	\$ 349,088	\$ 335,279	\$ 327,835
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	44.17%	40.80%	46.57%	29.64%	3.626%	15.17%
Plan fiduciary net position as a percentage of the total pension liability	N/A	83%	84%	81%	87%	98%	N/A

The notes to the financial statements are an integral part of this statement.

TOWN OF HYDE PARK, VERMONT  
SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 27,126	\$ 25,120	\$ 23,875	\$ 19,692	\$ 18,763	\$ 17,183	\$ 16,392
Contributions in relation to the contractually required contribution	<u>27,126</u>	<u>25,120</u>	<u>23,875</u>	<u>19,692</u>	<u>18,763</u>	<u>17,183</u>	<u>16,392</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>						
Town's covered-employee payroll	\$ 482,240	\$ 456,722	\$ 434,109	\$ 358,035	\$ 349,088	\$ 335,279	\$ 327,835
Contributions as a percentage of covered-employee payroll	5.6%	5.5%	5.5%	5.5%	5%	5%	5%

The notes to the financial statements are an integral part of this statement.

# Glenna L. Pound

CERTIFIED PUBLIC ACCOUNTANT

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

To the Selectboard for the Town of Hyde Park, Vermont:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Hyde Park, Vermont, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Hyde Park, Vermont's basic financial statements and have issued my report thereon dated February 5, 2020.

### **Internal Control over Financial Reporting**

In planning and performing the audit of the financial statements, I considered the Town of Hyde Park, Vermont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hyde Park, Vermont's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Hyde Park, Vermont's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Hyde Park, Vermont's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of the tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Glenna L. Pound, CPA  
Stowe, VT  
February 5, 2020

# Glenna L. Pound

CERTIFIED PUBLIC ACCOUNTANT

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

February 5, 2020

To the Selectboard for the Town of Hyde Park, Vermont:

I have audited the basic financial statements of the Town of Hyde Park, Vermont, for the year ended June 30, 2019. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of the audit. I have communicated to you such information in a letter dated May 9, 2019 and July 8, 2019. Professional standards require that I communicate to you the following information related to the audit.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The summary of significant accounting policies used by the Town of Hyde Park, Vermont are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. There were no transactions noted that were entered into by the Town of Hyde Park, VT during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimate affecting the financial statements is depreciation expense. Management's estimate of depreciation expense is described in the financial statement note I.E.4. Capital Assets. I evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no new and significant financial statement disclosures. The financial statement disclosures are neutral, consistent and clear.

### **Significant Difficulties Encountered during the Audit**

No significant difficulties were encountered in dealing with management relating to the performance and completion of the audit.

### **Corrected and Uncorrected Misstatements**

For purposes of this communication, professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that I believe are trivial, and communicate them to the appropriate level of management. The Treasurer has approved and corrected all such misstatements.

In addition, professional standards require me to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of the audit procedures. There were 4 auditor adjustments made to the original trial balance presented to me to begin the audit. The material audit adjustments included recording pension and activity for government-wide activities, and recording deferred grant revenue for June 30, 2019.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town of Hyde Park, Vermont financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

I have requested certain written representations from management, which are included in the attached letter dated February 5, 2020.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Hyde Park's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, the professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. Management informed me that, and to my knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Audit Findings or Issues**

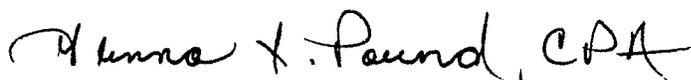
I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Hyde Park's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention. Generally Accepted Accounting Principles (GAAP) requires the activities of an association to be included in the primary government's financial statements if the association is fiscally dependent upon the primary government. Based on this criterion, the financial activities of the Cemetery should be included in the Town's basic financial statements. It is recommended that the Finance Director obtain and record the component unit's activity for full financial reporting and disclosure in accordance with GAAP.

### **Other Matters**

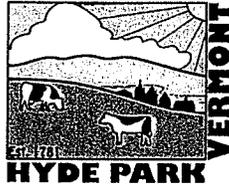
I applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Changes to the Proportionate Share of the Net Pension Liability and the Schedule of the Town's Pension Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### **Restriction of Use**

This report is intended solely for the information and use of the Selectboard of the Town of Hyde Park, Vermont and management of the Town and is not intended to be and should not be used by anyone other than these specified parties. I appreciate the opportunity to be of service to the Town of Hyde Park, VT.



Glenna L. Pound, CPA  
Stowe, VT



February 5, 2020

Glenna L. Pound, CPA  
P.O. Box 1281  
Stowe, VT 05672

This representation letter is provided in connection with your audit of the financial statements of the Town of Hyde Park, VT, which comprise the respective financial position of the governmental activities as of June 30, 2019, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 5, 2020, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 9, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

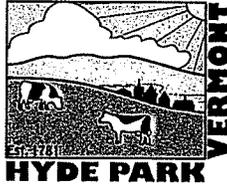
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**Municipal Offices:** 344 VT 15 West, PO Box 98, Hyde Park, VT 05655

**Office:** (802)888-2300 · **Fax:** (802)888-6878

**Highway Department:** (802)888-4625

[www.hydeparkvt.com](http://www.hydeparkvt.com)



- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- The appropriateness and consistency of the measurement processes used by management in determining accounting estimates.
  - That the assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
  - That the disclosures related to accounting estimates are complete and appropriate.
  - That no subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

11) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.



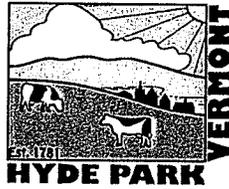
- d) Minutes of the meetings of the Selectboard or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Town of Hyde Park, VT and involves—
- Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the identity of the Town's related parties and all the related party relationships and transactions of which we are aware.

**Government-specific**

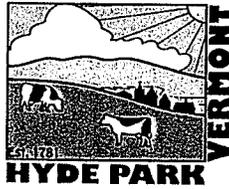
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.



- 23) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes [and schedule of expenditures of federal awards]. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 30) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 34) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 44) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.



- 45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 46) With respect to the management's discussion and analysis, the Schedule of Changes to the Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Pension Contributions,
- We acknowledge our responsibility for presenting the management's discussion and analysis, the Schedule of Changes to the Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Pension Contributions in accordance with accounting principles generally accepted in the United States of America, and we believe the management's discussion and analysis, the Schedule of Changes to the Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Pension Contributions, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the management's discussion and analysis, the Schedule of Changes to the Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Pension Contributions have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - If the management's discussion and analysis, the Schedule of Changes to the Proportionate Share of the Net Pension Liability, and the Schedule of the Town's Pension Contributions is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Kimberly Moulton Date: February 5, 2020  
Agreed on behalf of the Town Clerk/Treasurer for the Town of Hyde Park, Vermont

Bobodenski Date: 02/05/2020  
Agreed on behalf of the Town Administrator for the Town of Hyde Park, Vermont

Alyson Cussen Date: 2/5/2020  
Agreed on behalf of the Town Finance Director for the Town of Hyde Park, Vermont