

Village of Lyndonville

Annual Report



**Year Ending
December 31, 2019**

**PLEASE REMEMBER
TO BRING THIS
REPORT WITH YOU TO
VILLAGE MEETING
MARCH 17, 2020 AT 7:00 PM IN
THE MUNICIPAL OFFICE
BUILDING CONFERENCE ROOM**

Cover:

Lyndonville resident and artist Larry Golden transformed the Village of Lyndonville Electric Department's Grove Street building into a mural of the "four seasons of Lyndonville". The Lyndon Downtown Revitalization Corp. is working with the community to increase the creative economy in Lyndon by doing murals, planters, store windows, art walks and projects like the Satellite Gallery and Lantern Parade.

ANNUAL REPORT
OF THE
OFFICERS OF THE
VILLAGE OF LYNDONVILLE
VERMONT
FOR THE
YEAR ENDING DECEMBER 31, 2019

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VILLAGE OF LYNDONVILLE

(Website: www.lyndonvt.org)

VILLAGE OFFICERS

Moderator	Sean McFeeley	2020
Clerk & Treasurer	Dawn R. Dwyer	2020
Trustees	Chris Hunter	2020
	Doug Conly	2021
	Susan Mills	2022
	Karen York (Resigned August 26, 2019)	2023
	Sarah Whittemore (Appointed September 23, 2019)	2020
	Heather Bollman	2024
Village Agent	Vacant	2020

APPOINTED BY THE TRUSTEES

Municipal Administrator	Justin Smith (justin@lyndonvt.org)	626-5834
Delinquent Tax Collector	Village Treasurer	626-5785
Public Works Supervisor	Joe Dauphin (villagewater@lyndonvt.com)	626-5468
Electric Department Manager	Bill Humphrey (bhumphrey@lyndonvilleelectric.com)	626-3366
Police Advisory Committee	Chris Hunter (at-large), Vacant (2020)	
	Vacant (2021) Vacant (2022)	

TOWN AND VILLAGE JOINT PLANNING AND ZONING

<u>Development Review Board</u>		<u>Planning Commission</u>	
Jon Prue, Chair	2020	Sylvia Dodge, Vice Chair	2020
Brandon Carpenter, Vice Chair	2020	Emily Finnegan	2020
Craig Weston	2020	Evan Carlson	2021
Pauline Harris	2021	Tammy Martel	2021
Kevin Cole	2022	Susan Hanus	2022
Kevin McKeon	2022	Sean McFeeley, Chair	2022
Curtis Carpenter	2022	Ken Mason	2022
DRB Alternates: David Keenan, Eric Paris, Sara Simpson & Wilder Simpson			
Zoning Administrator	2020 Annie McLean (annie@lyndonvt.org)		626-1269
Planning Director	2020 Annie McLean (annie@lyndonvt.org)		626-1269

OTHERS

Chief of Police	Jack T. Harris	626-1271
Fire Chief & Warden	Jeff Corrow	626-4100
Animal Control Officer	Cindy Cady	626-7297
Health Officer	Debra Smith	626-0852
Green-Up Day Coordinators	Annie McLean & Christian Thompson	

VILLAGE OF LYNDONVILLE

Incorporated December 24, 1880

Population 2010 U.S. Census 1,207
(2000 - 1227; 1990 - 1255; 1980 - 1409; 1970 - 1415; 1960 - 1477; 1950 - 1506)

2019 Grand List \$ 690,494.00

2019 Tax Rates

	<u>Residential</u>	<u>Nonresidential</u>
Village General	\$ 0.8398	\$ 0.8398
School District	1.4218	1.5902
Local Agreement	0.0038	0.0038
Town General	0.4309	0.4309
Total Village Tax Rate	\$ 2.6963	\$ 2.8647

Highway Mileage - Village of Lyndonville

State Highways (U.S. Route 5)	0.463
Class I Highways	1.337
Class III Highways	5.210
Class IV Highways	0.020
Legal Trail	<u>0.030</u>
Total Mileage	<u>7.060</u>

Lyndonville Village Clerk's Office Information:

P.O. Box 167

119 Park Avenue, Lyndonville VT 05851

Telephone Number: (802) 626-5785 FAX (802) 626-1265

Office Hours: Monday - Friday 7:30 AM to 4:30 PM

Website: www.lyndonvt.org

Note on Dated Billings:

Please note the due dates of all bills generated by this office. The office day ends at 4:30 PM. Payments placed in the outside box after that time will be credited the next business day and will, if then past due, be assessed a penalty.

POST MARKS ARE NOT ACCEPTED FOR ANY BILLS GENERATED BY THIS OFFICE

Tax bills are mailed to the last known address of the owner of property as of April 1st of that year and are mailed as soon as possible after receipt of information from the State.

Water bills are mailed quarterly. Please check your bills for actual due dates.

AUDITORS' REPORT

In accordance with Title 17, Section 2651b(a), of the V.S.A., the voters of the Village of Lyndonville voted to eliminate the office of Auditor at the Annual Meeting Held on March 16, 2004. The Village's financial statements are audited annually by an independent accounting firm. This audit is performed during the summer of the following year. The audit report will be on the website as well as at the Clerk's office once completed. If you have any questions regarding the unaudited financial information included in this report, please speak to the Village Treasurer.

IMPORTANT DATES FOR 2020

March 17	ANNUAL VILLAGE MEETING Municipal Office Building Conference Room at 7:00 PM
March 21	Rabies Clinic 12:00 PM to 1:30 PM at the Municipal Office Building Gymnasium. Dog licensing will be available for Town of Lyndon residents only.
April 1	Last day to license dogs without a late fee.
June 27	Absentee & early voting ballots available for Primary Election.
August 11	PRIMARY ELECTION DAY – voting at the Municipal Office Bldg. 8 AM – 7 PM.
September	Tax bills are mailed as soon as possible after receipt of information from the State.
September 19	Absentee and early voting ballots available for the General Election.
November 3	GENERAL ELECTION DAY – voting at the Municipal Office Bldg. 8 AM – 7 PM.
November 6	Last day to pay 2020 property taxes, by 4:30 PM, without penalty and interest.

Postmarks not accepted.

DATES THE TOWN CLERK'S OFFICE IS CLOSED

January 1	New Year's Day
February 17	President's Day
March 3	TOWN MEETING DAY
May 25	Memorial Day
July 3	Independence Day
September 7	Labor Day
November 11	Veteran's Day
November 26 & 27	Thanksgiving
December 25	Christmas

TIMES OF IMPORTANT MEETINGS

The Board of Trustees and Selectboard meet alternate Monday nights in the Conference Room of the Municipal Office Building. Both Boards begin their meetings at 5:30 PM. Agendas and minutes can be found on our website: www.lyndonvt.org.

The Development Review Board meets the first and third Thursday of the month in the Conference Room of the Municipal Office Building. The Planning Commission meets the second and fourth Wednesday of the month in the Conference Room. Notices of these meetings, including agendas, are published in the Caledonian Record 16 days prior to the meeting date, as well as on our website. Please check for start times.

2019 Lyndonville Trustees Report

To the Residents of Lyndonville:

We would like to start off by thanking and bidding farewell to Karen York who moved out of the Village. We wish her and her family all the best and are looking forward to her continued involvement in our communities. Sarah Whittemore was appointed to fill the remainder of this year's term. We are lucky to have Sarah's experience and knowledge. We have enjoyed her voice on the board and look forward to her re-election to be able to continue her valuable contributions.

We remain optimistic about the work we were able to initiate and complete this year. The repaving of the east end of Depot to High Street was lengthy, but very much needed. A skim coat of pavement was placed on part of Skyline Drive to help maintain a safer flow through this area. We continue to work on the plans for the waterline and fire hydrant replacement, and the storm water structure. After many years of planning and generous support, our Village Clock has been rebuilt and proudly rings over the Village. The Village looks forward to the completion of the Credit Union and Olivia's Place to enhance the character of our hometown. We continue to support our communities non-profit Art and Activities programs, which keeps our area a focal point in the Northeast Kingdom.

The various Village teams continue to work to maintain and improve the downtown's appearance for our community and visitors who are passing through. Ongoing community events help shape the Village into the welcoming place it continues to be. Our flower planters, trees and pole banners add to the beauty of the hub of the Village. These displays are the result of the dedication of many committed community members and allows these spaces to be stunning focal points within our community. We also want to extend thanks to the hardworking Village crew. They work diligently to keep the downtown exceptional year-round.

We are pleased to report that our Village budget has fared well despite the many challenges throughout the year. We end the year with a small surplus, which has helped with establishing the 2020 budget that will be presented to you soon.

On behalf of the Trustees, I would like to recognize all the Village teams for their diligence and dedication to keeping your Village operating smoothly. Additionally, we appreciate the opportunity and support you give us in helping implement the mission of our Village.

Respectfully,

Christopher Hunter

Chair, Board of Trustees

Heather Bollman, Doug Conly, Susan Mills, and Sarah Whittemore

LYNDONVILLE TRASH AND LITTERING ORDINANCE

No person shall dump, deposit or throw, or cause to be dumped, deposited, or thrown, any waste or refuse material or any bottles, glass, paper, garbage, cans or other material or noxious thing of whatever nature on any public or private lands, or on or within view of a public or private parking lot, street, sidewalk, park, or building. Any person who violates any provision of this ordinance shall be subject to a fine of one hundred dollars (\$100) (Waiver fine \$85).

No person shall haul any shavings, sawdust, slabs or rubbish of any sort in the public streets or highways or any part thereof within the corporate limits of the Village of Lyndonville unless the same shall be covered or loaded properly and secured so that it will not blow, or be strewn upon the street or highway. Any person who violates this provision shall be subject to a fine of one hundred dollars (\$100) (Waiver fine \$85).

No Village property owner shall put out, or allow to be put out any rubbish onto Village streets before the afternoon prior to regularly scheduled rubbish pick-up. Violations by tenants or owner shall result in the property owner being fined thirty dollars (\$30) (Waiver fine \$25) for each violation.

EXCERPT FROM “WINTER PARKING BAN” ORDINANCE

Sec. 1. No vehicle shall be left parked on any street or highway within the limits of the Village of Lyndonville between midnight and the following seven o'clock in the morning during the period from November 1st of each year to the 15th day of April of the following year unless special arrangements for parking are made with the Village Superintendent.

Sec. 2. The parking of any vehicle in violation of Section 1 of this chapter is hereby declared to be a public nuisance, and the Village Superintendent, or some other person as appointed by the Village Trustees, may remove any vehicle so parked, or cause it to be removed by towing or otherwise, at the sole expense of the owner of such vehicle, to any public garage or other place designated by the Superintendent.

The Village Ordinances can be found on the website (www.lyndonvt.org) or in the Village Clerk's Office.

**VILLAGE OF LYNDONVILLE
MINUTES OF THE
2019 ANNUAL MEETING**

The 2019 Annual Meeting of the Village of Lyndonville was held at the Municipal Office Building Conference Room Tuesday, March 19, 2019. Village Trustee Chair, Chris Hunter, gaveled the meeting to order at 7:00 PM, thanked the fourteen (14) Village voters and thirteen (13) non Village voters for attending the Annual Village Meeting and introduced himself to those that may not know him. Heather Bollman led the assembly in the Pledge of Allegiance. After a moment of silence for those who have passed in the previous year, Mr. Hunter introduced Dawn Dwyer, Village Clerk and Justin Smith, Municipal Administrator. The assembly gave permission to all non-village voters to speak if and when necessary. Mr. Hunter explained that they would be following Roberts Rules of Order and then commenced with the reading of the Warning.

Article 1: To elect a Moderator and a Clerk.

Motion made by Chris Hunter, seconded by Steve Gray, to nominate Sean McFeeley for the position of Moderator. There being no other nominations, Sean McFeeley was elected as Moderator by voice vote.

At this time, Moderator Sean McFeeley assumed the podium and continued with the reading of the Warning.

Motion made by Steve Gray, seconded by Hilary Adams, to nominate Dawn Dwyer for the position of Clerk. There being no other nominations, Dawn Dwyer was elected as Clerk by voice vote.

Article 2: Shall the voters of the Village of Lyndonville vote to adopt the proposed General Fund budget for the ensuing year?

Motion made by Ellen Hinman, seconded by Chris Hunter, to adopt the proposed General Fund budget in the amount of \$932,377 for the ensuing year. Ruth York asked if there was any plans to replace sidewalks this summer. Justin Smith explained that the Village was awarded a matching grant to replace the sidewalk along Center Street between Main Street and Park Avenue. Ruth York also asked if there was any thought to replace the sidewalk that was removed along Depot Street near High Street? Justin Smith explained that no, it would be very expensive due to the relocation of utility poles that would need to happen in order to make the sidewalk ADA compliant. Mrs. York also asked about the \$8,500 for the maintenance to the Village Clock. Justin explained that most years the maintenance line is for \$4,000. The estimated cost to repair the clock, that the Village owns, is \$17,000 and that St. Elizabeth's Church graciously offered to split the cost. Once the clock is fixed, there shouldn't be a need to put the \$4,000 in the budget for some time.

With no further discussion, Article 2 was adopted by voice vote.

Article 3: Shall the voters of the Village of Lyndonville vote that taxpayers pay real property taxes to the Treasurer on or before 4:30 PM on Friday, November 1, 2019? (Delinquent taxes will be assessed a one-time late penalty of eight percent charged against them from the due date of November 1, 2019 at 4:30 PM. Interest charges of one percent per month will be charged for the first three months, starting December 1, 2019, whereafter interest rates will be one and one-half percent per month).

Motion made by Elsie Lawrence, seconded by Chris Hunter, to adopt Article 3. Mike Flynn reminded the assembly that they could pre-pay their taxes throughout the year to make it less onerous. There being no further discussion, Article 4 was adopted by voice vote.

Article 4: Shall the voters of the Village of Lyndonville vote to authorize the Trustees to borrow money for the Electric Department not to exceed three hundred thousand dollars (\$300,000) in anticipation of revenues and to execute and deliver the note or notes therefore?

Motion made by Steve Gray, seconded by Chris Hunter, to adopt Article 4. Hilary Adams read in the Lyndonville Electric Department (LED) report that due to solar energy, LED will incur a deficit. She wanted to know if management was doing anything to offset the deficit. Hilary asked if there was anyone from LED to answer the question. Since there was not a representative from LED there, Chris Hunter explained that management was fully aware of it and at this time they are not showing a deficit. There being no further discussion, Article 4 was adopted by voice vote.

Article 5: Shall the voters of the Village of Lyndonville vote to authorize the Trustees to borrow money for the Water Department's normal expenses, not to exceed three hundred thousand dollars (\$300,000) in anticipation of revenues and to execute and deliver the note or notes therefore?

Motion made by Elsie Lawrence, seconded by Steve Gray, to adopt Article 5. There being no discussion, Article 5 was adopted by voice vote.

Article 6: To elect the following officers as required: Treasurer; Trustee for five (5) years, and Village Agent.

Treasurer: Motion made by Elsie Lawrence, seconded by Chris Hunter, to nominate Dawn Dwyer for the position of Treasurer. There being no other nominations, Dawn Dwyer was elected as Treasurer by voice vote.

Trustee (5 Year term): Motion made by Chris Hunter, seconded by Steve Gray, to nominate Heather Bollman for the position of Trustee to a Five (5) year term. There being no other nominations, Heather Bollman was elected as Trustee to a Five (5) year term by voice vote.

Village Agent: With no nominations, the Village Agent position remains vacant. Justin Smith informed the assembly that the Trustees could appoint a Village Agent at a later date.

Article 7: Do the voters of the Village of Lyndonville desire to transact any other proper business?

Steve Gray would like to hear from the organizations requesting coin drops. The following individuals spoke and answered questions on behalf of organizations seeking one of the six available coin drop slots; Ellen Hinman for Caledonia County Special Olympics, Cindy Karasinski for Cobleigh Public Library, Robert Lawrence for Darling Inn Senior Meal Site, Mike Flynn for H.O.P.E. (Helping Other People Everyday), Jen Mitchell for Lyndon Youth Baseball & Softball, Dave Keenan for Lyndonville Fire Department Tiger Company and Dawn McPhee for Village Improvement Society (VIS).

There being no further business, Moderator Sean McFeeley adjourned the meeting at 7:42 PM by unanimous voice approval.

RESULTS OF THE COIN DROP BALLOT

Organizations granted a coin drop:

Cobleigh Public Library	11
Darling Inn Senior Meal Site	11
Village Improvement Society dba Powers Park	11
H.O.P.E. (Helping Other People Everyday)	10
Lyndon Youth Baseball/Softball	10
Caledonia Special Olympics	9

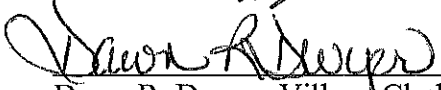
Organizations not granted a coin drop:

Lyndonville Fire Department Tiger Co.	9 (Tie breaker done by Trustees vote at the scheduled meeting held on March 25, 2019)
Lyndon Dog Pound	8

ATTEST: A True Copy:


Christopher Hunter, Trustee Chair


Sean McFeeley, Moderator


Dawn R. Dwyer, Village Clerk

VILLAGE OF LYNDONVILLE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Unaudited)
December 31, 2019

	Governmental Fund		Proprietary		Fiduciary		
	Types		Fund Types		Fund Types		Account Groups
	General Funds	Special Revenue Funds	Enterprise Funds	Trust Funds	General Fixed Assets	Total	
ASSETS AND OTHER DEBITS							
Cash	\$ 693,280.52	\$ -	\$ 449,165.97	\$ -	\$ -	\$ 1,142,446.49	
Restricted Cash	-	253,647.21	-	544.28	-	254,191.49	
Receivables							
Delinquent Taxes	22,402.99	-	-	-	-	22,402.99	
Accounts Receivable	-	-	13,817.44	-	-	13,817.44	
Other Receivables	2,424.49	-	263.43	-	-	2,687.92	
Due From Other Funds	-	-	664,758.22	-	-	664,758.22	
Fixed Assets	-	-	6,159,114.74	-	762,378.98	6,921,493.72	
Pension Deferred Outflows	-	-	-	-	30,222.00	30,222.00	
Total Assets and Other Debits	\$ 718,108.00	\$ 253,647.21	\$ 7,287,119.80	\$ 544.28	\$ 792,600.98	\$ 9,052,020.27	
LIABILITIES, EQUITY AND OTHER CREDITS							
Liabilities:							
Accrued Payroll	\$ 3,828.99	\$ -	\$ 248.68	\$ -	\$ -	\$ 4,077.67	
Due to Other Funds	686,267.08	-	-	-	-	686,267.08	
Bond/Note Payable	-	-	2,461,968.32	-	99,975.52	2,561,943.84	
Deferred Grant Revenue	-	-	(2,428.33)	-	-	(2,428.33)	
Total Liabilities	690,096.07	-	2,459,788.67	-	99,975.52	3,249,860.26	
Equity and Other Credits:							
Investment in							
General Fixed Assets	-	-	-	-	757,071.49	757,071.49	
Net Pension Liability	-	-	-	-	72,341.00	72,341.00	
Pension Deferred Inflows	-	-	-	-	6,451.00	6,451.00	
Retained Earnings:							
Unreserved	-	-	4,827,331.13	-	-	4,827,331.13	
Fund Balances:							
Reserved	(62,638.45)	253,647.21	-	544.28	(101,745.03)	89,808.01	
Unreserved:	90,650.38	-	-	-	-	90,650.38	
VMERS Fund Balance	-	-	-	-	(41,493.00)	(41,493.00)	
Total Equity and Other Credits	28,011.93	253,647.21	4,827,331.13	544.28	692,625.46	5,802,160.01	
Total Liabilities, Equity and Other Credits	\$ 718,108.00	\$ 253,647.21	\$ 7,287,119.80	\$ 544.28	\$ 792,600.98	\$ 9,052,020.27	

VILLAGE OF LYNDONVILLE
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS ACCOUNT GROUP
For the Year Ended December 31, 2019

<u>Description</u>	<u>Balance</u> <u>January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31, 2019</u>
Highway Equipment	\$ 553,793.93	\$ 3,609.44	\$ -	\$ 557,403.37
Garage Equipment	42,455.51	-	-	42,455.51
East Street Garage	117,032.16	-	-	117,032.16
Parks	4,833.09	-	-	4,833.09
Streets & Sidewalks	319,480.96	71,560.08	-	391,041.04
Swimming Pool at Powers Park	308,024.76	-	-	308,024.76
	<u>1,345,620.41</u>	<u>75,169.52</u>	<u>-</u>	<u>1,420,789.93</u>
Less: Accumulated Depreciation				<u>(758,386.47)</u>
Total General Fixed Assets Account Group				<u>\$ 662,403.46</u>

VILLAGE OF LYNDONVILLE
SCHEDULE OF CHANGES IN CAPITAL ASSETS ACCOUNT GROUP
For the Year Ended December 31, 2019

<u>Description</u>	<u>Balance</u> <u>January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31, 2019</u>
Non-depreciable Property				
Land	30,002.00	-	-	30,002.00
Reservoirs	498,861.00	-	-	498,861.00
Dunn Property	<u>44,918.09</u>	<u>-</u>	<u>-</u>	<u>44,918.09</u>
	573,781.09	-	-	573,781.09
Depreciable property:				
Improvements (1975)	1,020,421.75	-	-	1,020,421.75
Pinehurst line replacement	108,682.11	-	-	108,682.11
Line expan-Lyndon Corner	1,179,248.51	-	-	1,179,248.51
Utility system improvement	678,021.44	-	-	678,021.44
River Crossing Leak	110,510.02	-	-	110,510.02
Filter Plant	864,370.81	-	-	864,370.81
Expansion project	1,493,347.42	-	-	1,493,347.42
East Side line replacement	995,396.48	-	-	995,396.48
Water meters	20,004.24	-	-	20,004.24
Fairground Meter Vault	29,789.98	-	-	29,789.98
LSC expansion	75,000.00	-	-	75,000.00
Well development	57,133.90	-	-	57,133.90
Vail Hill Wells	27,886.74	-	-	27,886.74
Generators & Backwash	72,967.07	1,299.99	-	74,267.06
Phase #6 System Improve.	2,583,802.20	-	-	2,583,802.20
Other Equipment	214,526.65	35,792.14	(4,600.00)	245,718.79
Dry hydrants	<u>2,691.48</u>	<u>-</u>	<u>-</u>	<u>2,691.48</u>
	9,533,800.80	37,092.13	(4,600.00)	9,566,292.93
Total Capital Assets	10,107,581.89	37,092.13	(4,600.00)	10,140,074.02
Less: Accumulated Depreciation				<u>(3,980,959.31)</u>
Total Capital Assets Account Group				<u>\$ 6,159,114.71</u>

VILLAGE OF LYNDONVILLE
GENERAL FUND DEBT RETIREMENT SCHEDULE - PRINCIPAL ONLY

As of December 31, 2019

<u>Payment due</u>	<u>19 International Truck</u>
2020	\$ 13,160.62
2021	13,525.03
2022	13,899.53
2023	14,284.39
2024-2026	45,105.95
	<u>\$ 99,975.52</u>

Community National Bank: Eight (8) year loan @ 2.75% with semi-annual payments due 5/18 & 11/18

VILLAGE OF LYNDONVILLE
WATER DEBT RETIREMENT SCHEDULE - PRINCIPAL ONLY

As of December 31, 2019

<u>Payment due</u>	<u>Vermont Bond Bank</u>		<u>USDA</u> (Refinanced Loan)	<u>USDA</u> (Phase 6 Contract 1)	<u>USDA</u> (Phase 6 Contract 2)	<u>Totals</u>
	<u>(Expansion Project)</u>	<u>(Well Project)</u>				
2020	31,359.41	3,866.82	16,250.36	14,246.58	12,071.38	77,794.55
2021	31,359.41	3,866.82	16,843.49	14,641.05	12,375.05	79,085.82
2022	31,359.41	3,866.82	17,458.29	15,046.46	12,686.36	80,417.34
2023	31,359.41	3,866.83	18,095.51	15,463.08	13,005.50	81,790.33
2024	31,359.41	3,866.82	18,756.00	15,891.24	13,332.67	83,206.14
2025	31,359.41	3,866.82	19,440.60	16,331.25	13,668.07	84,666.15
2026	31,359.41	3,866.82	20,150.17	16,783.45	14,011.90	86,171.75
2027	31,359.41	3,866.82	20,885.65	17,248.16	14,364.40	87,724.44
2028	31,359.41	3,866.82	21,647.98	17,725.75	14,725.74	89,325.70
2029	31,359.41	3,866.82	22,438.14	18,216.56	15,096.19	90,977.12
2030 - 2053	94,078.28	19,334.14	415,346.03	590,852.92	501,197.61	1,620,808.98
Totals	<u>\$ 407,672.38</u>	<u>\$ 58,002.35</u>	<u>\$ 607,312.22</u>	<u>\$ 752,446.50</u>	<u>\$ 636,534.87</u>	<u>\$ 2,461,968.32</u>

VT Bond Bank: Lyndon Heights water expansion project, at -3% interest. Annual payment of \$31,359.41 due January 1st.

VT Bond Bank: Well Project, at -3% interest. Annual payment of \$3,866.82 due Sept. 1st.

USDA-Rural Development: Refinanced high interest rate bonds at 2% interest, semi-annual payments of \$39,563 due 5/15/13 to 11/15/43.

USDA-Rural Development: Phase 6-Contract 1 Water Line Replacement Project, at 2.75% interest. Semi-annual payments of \$17,421 due May 15, 2013 to November 15, 2052.

USDA-Rural Development: Phase 6-Contract 2 Water Line Replacement Project, at 2.5% interest. Semi-annual payments of \$13,955 due May 1, 2014 to November 1, 2053

VILLAGE OF LYNDONVILLE
GENERAL FUND SCHEDULE OF RESTRICTED CASH
For the Year Ended December 31, 2019

<u>Restricted Purpose</u>	<u>Balance</u> <u>Jan. 1, 2019</u>	<u>Interest</u> <u>Income</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
New Equipment	\$ 52,402.50	\$ 105.38	\$ 15,000.00	\$ -	\$ 67,507.88
Sidewalks	16,969.94	58.38	-	-	17,028.32
Garage	36,019.95	89.17	-	(5,000.00)	31,109.12
Tax Stabilization Account	42,379.56	106.08	-	-	42,485.64
Health Insurance Pool	1,897.01	0.46	-	-	1,897.47
Sale of Morrill Lot(1984)	45,355.61	833.31	-	(2,280.00)	43,908.92
Paving	97,776.56	231.65	-	(65,925.00)	32,083.21
Curbing	3,609.77	9.04	-	-	3,618.81
Fountain	2,662.34	15.03	-	-	2,677.37
Rte. 5 Project	11,302.18	28.29	-	-	11,330.47
Totals	<u>\$ 310,375.42</u>	<u>\$ 1,476.79</u>	<u>\$ 15,000.00</u>	<u>\$ (73,205.00)</u>	<u>\$ 253,647.21</u>

VILLAGE OF LYNDONVILLE
WATER SCHEDULE OF RESTRICTED CASH
For the Year Ended December 31, 2019

<u>Restricted Purpose</u>	<u>Balance</u> <u>Jan. 1, 2019</u>	<u>Interest</u> <u>Income</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Water - Debt Retirement	\$ 176,346.50	\$ 1,028.38	\$ -	\$ (32,687.00)	\$ 144,687.88
Water - Water Main Savings	246,175.48	1,500.54	20,651.00	-	268,327.02
Water - Carbon Savings	35,934.79	216.27	-	-	36,151.06
Totals	<u>\$ 458,456.77</u>	<u>\$ 2,745.19</u>	<u>\$ 20,651.00</u>	<u>\$ (32,687.00)</u>	<u>\$ 449,165.96</u>

**VILLAGE OF LYNDONVILLE
GENERAL FUND
GRAND LIST - TAX RATE
FIVE-YEAR COMPARISON**

<u>YEAR</u>	<u>GRAND LIST</u>	<u>TAX RATE</u>
2015	\$ 694,235.00	\$ 0.6608
2016	\$ 693,422.00	\$ 0.7011
2017	\$ 695,205.00	\$ 0.7173
2018	\$ 697,474.00	\$ 0.7423
2019	\$ 690,494.00	\$ 0.8398

**VILLAGE OF LYNDONVILLE WATER DEPARTMENT
QUARTERLY WATER RATES
(Rates effective 2/1/19)**

ERU*	\$63.00
Plus	\$1.52 per 1,000 gallons used

*Equivalent Residential Unit (ERU) of \$63.00 per quarter is the minimum fee the Village must collect from each account to meet the fixed costs of the water system. This fee will be charged even if water has been shut off and the meter remains on the premise. (2018 Rates: ERU \$61 plus \$1.28 per 1,000 gallons used)

**TOWN OF LYNDON SEWER DEPARTMENT
QUARTERLY SEWER RATES
(Rates effective 2/1/19)**

Base fee	\$118.00
Plus	\$8.65 per 1,000 gallons used

(2018 Rates: Base fee \$146 pus \$7.89 per 1,000 gallons)

**VILLAGE OF LYNDONVILLE
STATEMENT OF TAXES RAISED
For the Year Ended December 31, 2019**

Grand List:

Village General Fund \$ 690,494.00

Taxes Assessed and Billed

General Fund (690,494.00 x .8398)	<u>579,876.83</u>	
Taxes to Account For		<u><u>\$ 579,876.83</u></u>

Taxes Collected and Uncollected

General Fund Taxes Collected	\$ 542,766.52	
Delinquent to Tax Collector	<u>37,110.31</u>	
Taxes Accounted For		<u><u>\$ 579,876.83</u></u>

2019 Equalization Study Results

Education Grand List (from 411)	369,954,581
Equalized Education Grand List (EEGL)	368,905,966
Common Level of Appraisal (CLA)	100.28%
Coefficient of Dispersion (COD)	15.05%

To find out more about how the equalization study is conducted see "Introduction to Vermont's Equalization Study" at [tax.vermont.gov/research-and-reports/reports/equalization study](http://tax.vermont.gov/research-and-reports/reports/equalization%20study)

**VILLAGE OF LYNDONVILLE
STATEMENT OF DELINQUENT PROPERTY TAXES
For the Year Ended December 31, 2019**

Assessment Years

	Total	2019	2018	2017
Balance January 1, 2019	\$ 21,699.04		\$ 20,073.17	\$ 1,625.87
Additions:				
Delinquent Taxes to Collector	<u>37,110.31</u>	<u>37,110.31</u>	<u>-</u>	<u>-</u>
	58,809.35	37,110.31	20,073.17	1,625.87
Deductions:				
Abatements	-	-	-	-
Collections	<u>36,406.36</u>	<u>17,108.66</u>	<u>17,671.83</u>	<u>1,625.87</u>
Total Deductions	<u>36,406.36</u>	<u>17,108.66</u>	<u>17,671.83</u>	<u>1,625.87</u>
Balance December 31, 2019	<u><u>\$ 22,402.99</u></u>	<u><u>\$ 20,001.65</u></u>	<u><u>\$ 2,401.34</u></u>	<u><u>\$0.00</u></u>

VILLAGE OF LYNDONVILLE
STATEMENT OF REVENUES AND EXPENDITURES
ACTUAL COMPARED TO BUDGET
GENERAL FUND
For the Year Ended December 31, 2019
With Proposed Budget Figures for 2020

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
REVENUES			
Sewers & CSO:			
Reimbursement from Town of Lyndon	\$ 23,570	\$ 8,802.14	\$ 25,000
Sidewalks:			
Reimbursements (Town & Grants)	3,000	18,936.09	3,500
Parks:			
Village Improvement Society Reimbursement	-	228.00	-
Park Rent	-	475.00	-
Total Parks	-	703.00	-
Police:			
State Of Vermont - Fines	1,000	1,173.00	1,000
Fringe Benefits:			
Water Dept. Reimbursement	59,803	38,206.18	38,582
Delinquent Taxes:			
Delinquent Tax Interest	500	1,532.76	1,000
Delinquent 8% Penalty	-	2,968.85	1,500
Total Delinquent Taxes	500	4,501.61	2,500
Administration:			
Permits & Licenses	100	245.00	150
L.E.D. Office Rent	9,400	9,400.00	9,400
Water Dept. Reimbursement	31,500	31,500.00	32,128
Bank Interest	1,000	2,602.46	1,500
Total Administration	42,000	43,747.46	43,178
Garage:			
Water Department Rent	18,552	18,552.00	18,848
From Savings - New Facility	5,000	5,000.00	5,000
Total Garage	23,552	23,552.00	23,848
Equipment Operations & Maintenance:			
Water Equip. Reimbursement	11,000	8,173.50	10,225
Vacon P/R Reimbursement - T/L	1,500	-	1,500
Total Equipment Operations & Maint:	12,500	8,173.50	11,725
New Equipment:			
Proceeds from loan	-	-	65,000
Savings New Equipment	-	-	14,120
PACIF Equipment Grant	-	2,028.75	-
Total New Equipment:	-	2,028.75	79,120
Miscellaneous: Morrill Lot Interest	2,600	2,280.00	-
Highways:			
State Aid - Class 1	14,930	15,066.28	14,952
State Aid - Class 3	7,925	7,999.84	7,940
Outside Work	10,500	10,567.30	10,700

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
From Savings - Paving	65,925	65,925.00	-
Parking Violations	500	480.00	500
Project Reimbursements	8,179	2,321.29	2,000
Total Highways	107,959	102,359.71	36,092
Taxes:			
State of Vermont - PILOT	6,500	7,668.00	7,000
L.E.D. (In Lieu of Taxes)	29,000	31,841.14	31,500
Property Tax Revenue	587,544	579,876.83	-
Total Taxes	623,044	619,385.97	\$ 38,500
Other: Village Clock Donation	-	8,425.00	-
TOTAL REVENUES	\$ 899,528	\$ 882,274.41	\$ 303,045
	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
EXPENDITURES			
Sewer:			
Payroll	\$ 20,000	\$ 7,001.86	\$ 21,500
Fixed Costs	1,530	541.51	1,645
Equipment Use	2,040	1,275.50	1,855
Total Sewer	23,570	8,818.87	25,000
Sidewalks:			
Payroll	15,000	21,609.37	16,000
Fixed Costs	1,148	1,697.71	1,224
Hired Labor & Equipment	2,000	915.00	1,000
Materials & Supplies	15,000	8,673.34	8,000
Total Sidewalks	33,148	32,895.42	26,224
Parks:			
Payroll	15,000	8,602.57	10,000
Fixed Costs	1,148	658.13	765
Hired Labor & Equipment	2,100	94.90	2,000
Materials & Supplies	6,000	3,645.21	7,500
Downtown Beautification	3,000	1,904.32	3,000
Electricity	1,300	1,571.24	1,600
Landscaping & Shrubs	1,500	-	1,500
Total Parks	30,048	16,476.37	26,365
Village Improvement Society-Parks:			
VIS Insurance Reimbursement	-	228.00	-
Police Department:			
Contract with Town of Lyndon	94,041	84,696.62	70,767
Public Utilities:			
Street Lights	22,000	21,258.36	22,000
Village Clock - Electric	500	459.38	550
Village Clock - Maintenance	8,500	17,150.00	1,000
Total Public Utilities	31,000	38,867.74	23,550

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
Fringe Benefits:			
Pension	15,317	15,382.97	14,606
Workers' Compensation	29,673	29,098.61	25,665
Group Insurance	88,274	81,037.44	95,678
Unemployment Insurance	336	363.00	610
Uniforms	6,000	2,304.06	3,000
Safety Footwear Allowance	600	549.99	600
Paid Leave	19,661	22,055.40	19,136
Fixed Costs	1,506	1,649.72	1,463
Total Fringe Benefits	161,367	152,441.19	160,758
Administrative and Office Expense:			
Reimbursement for Office Overhead	47,600	47,600.00	48,552
Postage	2,500	2,200.00	2,500
Notices	1,200	-	1,200
Dues	900	882.00	900
Annual Report	800	282.92	500
Machine Maintenance	650	2,043.81	650
Rent	4,000	4,020.00	4,080
Legal Fees	1,000	-	8,000
Trustees' Payroll	4,125	4,056.00	4,125
Trustees' Fixed Costs	316	310.28	316
Supplies	400	412.27	400
Total Administrative and Office Expense	63,491	61,807.28	71,223
Insurance:			
Property and Casualty	12,224	12,224.00	10,331
Garage:			
Payroll	5,000	4,294.16	4,500
Fixed Costs	383	328.93	344
MOB Pellet Boiler Payroll	1,000	308.08	500
MOB Pellet Boiler Fixed Costs	77	23.56	38
Materials & Supplies	4,000	2,983.69	4,000
Maintenance	500	131.00	500
Telephone	2,000	1,788.06	2,000
Water	200	236.10	250
New Facility	16,874	20,069.30	19,585
New Facility Lease Payment	75,870	75,141.00	74,655
Apparel	1,100	1,115.80	1,200
Miscellaneous	500	1,172.30	1,000
Total Garage	107,504	107,591.98	108,572
Equipment Operations & Maintenance:			
Payroll	15,000	20,581.23	15,000
Fixed Costs	1,148	1,543.74	1,148
Hired Equipment	5,000	10,577.44	5,000
Parts and Supplies	25,000	19,748.36	25,000
Fuel	15,000	15,690.43	16,500
Lubricants	1,000	-	1,000
Tires	2,500	1,786.00	2,500

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
Tire Chains	2,000	-	2,000
Painting & Sandblasting	1,000	-	4,000
Loan Payment - '19 International Dump Trk	15,799	15,798.60	15,799
Savings	15,000	15,000.00	-
Miscellaneous	500	-	500
Total Equip Operations & Maintenance	98,947	100,725.80	88,447
New Equipment:			
Hand Tools	2,000	550.56	1,000
Tool Boxes	1,500	-	-
Radios	1,000	-	1,000
Backhoe	-	-	93,750
Truck	-	(83.50)	-
Snow Blower	4,000	3,609.44	-
Miscellaneous	1,000	500.00	1,000
Total New Equipment	9,500	4,576.50	96,750
Materials:			
Salt	60,650	54,492.58	60,650
Sand	1,000	212.04	1,000
Hot Mix	2,500	-	2,500
Cold Patch	3,000	5,077.60	3,000
Sign Management Program	1,500	804.24	1,000
Calcium Chloride	1,000	2,145.50	1,000
Hay	100	-	250
Gravel	500	-	500
Top Soil	500	120.00	300
Culverts and Catch Basins	4,000	107.68	4,000
Total Materials	74,750	62,959.64	74,200
Miscellaneous:			
Trustee Expense	200	-	200
Miscellaneous	125	100.00	125
Total Miscellaneous	325	100.00	325
Highways-Summer Class 1:			
Payroll	2,000	1,187.68	1,500
Fixed Costs	153	90.82	115
Street Sweeping	1,500	870.00	1,500
Curbing	1,000	-	-
Drainage Basin Cleaning	3,000	-	3,000
Line Striping	5,000	-	7,000
Total Summer Class 1	12,653	2,148.50	13,115
Highways-Winter Class 1:			
Payroll	10,000	9,688.58	10,000
Fixed Costs	765	750.12	765
Hired Equipment	4,000	5,272.50	6,000
Total Winter Class 1	14,765	15,711.20	16,765
Highways-Summer Class 3:			
Payroll	16,000	27,027.83	16,000
Fixed Costs	1,224	2,067.56	1,224

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
Hired Equipment	3,000	3,117.28	1,000
Street Sweeping	2,300	2,755.00	2,800
Crack Sealing	6,000	-	6,000
Drainage Basin Cleaning	15,000	12,984.98	15,000
Line Striping	5,000	1,357.13	5,000
Savings - Paving	-	-	11,716
Total Summer Class 3	48,524	49,309.78	58,740
Highways-Winter Class 3:			
Payroll	25,000	30,309.72	25,000
Fixed Costs	1,913	2,372.68	1,913
Hired Equipment	4,000	2,357.50	4,000
Total Winter Class 3	30,913	35,039.90	30,913
Projects			
Project Labor	5,729	5,630.76	-
Project Fixed Costs	594	416.60	-
Paving - High Street	79,284	60,934.06	-
Paving - Skyline Drive	-	10,626.02	-
Paving - Skim Coat	-	-	35,602
Total Projects	85,607	77,607.44	35,602
TOTAL EXPENDITURES	932,377	864,226.23	937,647
Total Revenues Over (Under) Expenditures	(32,849)	(18,048.18)	(634,602)
Cash on Hand at Beginning of Year	32,849	(32,849.00)	50,897
Total Revenues and Cash on Hand			
Over (Under) Expenditures	\$ -	\$ (50,897.18)	
Required from Property Taxes and PILOT	\$ -		\$ (583,705)

VILLAGE OF LYNDONVILLE
STATEMENT OF REVENUES AND EXPENDITURES
ACTUAL COMPARED TO BUDGET
WATER FUND
For the Year Ended December 31, 2019
With Proposed Budget Figures for 2020

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
REVENUES			
User Fees	\$ 646,779	\$ 634,286.65	\$ -
Interest and Penalty	500	365.93	500
Interest Income - Banks	1,500	2,745.20	2,000
Permits	250	3,181.45	250
Meter Reading	4,020	4,140.00	4,224
Labor & Materials	3,500	3,756.75	3,500
From Savings - Debt Reduction	50,000	32,687.00	-
Bond Proceeds -Vail Transmission Project	-	65,801.04	2,563,001
TOTAL REVENUES	\$ 706,549	\$ 746,964.02	\$ 2,573,475
EXPENDITURES			
Water Mains:			
Payroll	\$ 34,907	\$ 26,777.50	\$ 27,000
Fixed Costs	2,670	2,048.26	2,066
Equipment Use	3,670	2,650.00	3,670
Hired Equipment	20,000	7,925.00	20,000
Materials & Supplies	20,000	10,727.94	20,000
Electricity	70,000	63,864.20	67,500
Engineering	10,000	109,384.09	30,501
Heat - Propane	9,200	7,143.57	8,000
Curb Stop Locator	1,000	799.28	1,000
Security System	900	637.42	900
Water Main Savings	20,651	20,651.00	30,688
Water - Savings	-	-	60,000
Pump Station Maintenance	10,000	131.25	1,000
Well Maintenance	20,000	660.00	40,000
Customer Replacement Well	20,000	17,196.66	20,000
Total Water Mains	242,998	270,596.17	332,325
On Call:			
Payroll	11,904	11,648.00	12,025
Fixed Costs	911	891.15	920
Total On Call	12,815	12,539.15	12,945
Treatment Plant:			
Payroll	9,520	5,145.34	4,000

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
Fixed Costs	728	441.24	306
Operating Contract	57,864	57,624.69	64,881
Equipment Use	970	1,298.00	1,000
Hired Equipment	8,000	667.50	8,000
Materials & Supplies	10,000	3,623.27	7,500
Computer Maintenance	500	5,354.67	2,500
Computer Equipment	500	500.00	500
Pagers	500	245.70	500
Building Maintenance	2,000	-	2,000
Generator Upkeep	2,500	21.19	3,000
Training	2,000	602.30	2,000
Telemetry Maintenance	1,000	2,490.00	2,500
Telemetry Upgrade	50,000	32,687.86	-
Chlorine System	3,000	1,182.65	2,000
Total Treatment Plant	149,082	111,884.41	100,687
Hydrants:			
Payroll	9,520	2,381.56	6,000
Fixed Costs	728	182.20	459
Equipment Use	1,500	758.00	1,500
Hired Equipment	1,150	180.00	1,500
Materials & Supplies	10,000	538.20	5,000
Total Hydrants	22,898	4,039.96	14,459
Water Meters:			
Payroll	9,520	6,174.61	6,500
Fixed Costs	728	472.40	497
Equipment Use	3,170	2,192.00	2,200
Materials & Supplies	16,000	10,095.42	16,000
Total Water Meters	29,418	18,934.43	25,197
Fringe Benefits:			
Water Dept. Share of	59,803	38,206.18	38,582
Administration:			
Rail Crossing Fee	3,750	3,750.00	3,750
State Assessment	6,500	8,397.92	7,000
Administrative Costs	31,500	31,500.00	32,128
Insurance-Property and Casualty	7,699	7,699.00	7,572
Taxes	2,000	1,944.26	2,250
Bond Payment-Expansion Project	31,359	31,359.41	31,359
Bond Payment-Well Project	3,867	3,866.82	3,867
Bond Payment - Refinance	38,417	15,678.11	38,417
Bond Payment - Phase 6 Contract 1	34,842	13,862.74	34,842
Bond Payment - Phase 6 Contract 2	27,910	11,777.00	27,910
Interest Expense	-	59,851.40	-
Notices	400	440.00	500
Water Reports	500	514.39	600
Supplies	300	118.60	300

	2019 BUDGET	2019 ACTUAL	PROPOSED 2020 BUDGET
Dues	400	405.00	410
Garage Rent	18,552	18,552.00	18,848
Legal	1,500	2,000.00	1,500
Audit	14,000	13,500.00	14,000
Municipal Administrator Reimbursement	20,051	20,051.00	21,608
Water Testing	3,000	3,461.50	3,500
Total Administration	246,547	248,729.15	250,361
Vail Transmission Line:			
Engineering - Construction	-	-	221,900
Legal & Administrative	-	-	44,600
Construction	-	-	2,060,000
Contingency	-	-	206,000
Total Vail Transmission Line	-	-	2,532,500
TOTAL EXPENDITURES	763,561	704,929.45	3,307,056
Revenue over/(under) Expenditures	(57,012)	\$ 42,034.57	(733,581)
Cash on Hand Beginning of Year	57,012	57,012.00	99,046
Total Revenues and Cash on Hand	-	99,046.57	
Over (Under) Expenditures	\$ -	\$ 99,046.57	\$ (634,535)

**WARNING
VILLAGE OF LYNDONVILLE
ANNUAL VILLAGE MEETING**

The legal voters of the Village of Lyndonville, Vermont, are hereby notified and warned to meet in the Municipal Office Building Conference Room at 119 Park Avenue, in said Village, Tuesday, March 17, 2020, at 7:00 PM for the following purposes:

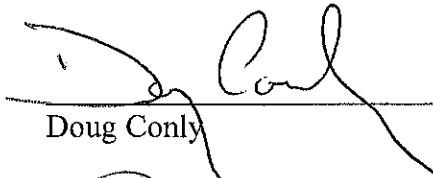
ARTICLE:

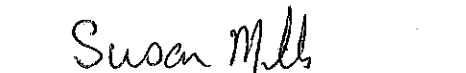
1. To elect a Moderator and a Clerk.
2. Shall the voters of the Village of Lyndonville vote to adopt the proposed General Fund budget for the ensuing year?
3. Shall the voters of the Village of Lyndonville vote that taxpayers pay real property taxes to the Treasurer on or before 4:30 PM on Friday, November 6, 2020, with delinquent taxes having an eight percent late penalty charge against them from the due date of November 6, 2020 at 4:30 PM, and interest charges of one percent per month for the first three months, whereafter interest rates will be one and one-half percent per month?
4. Shall the voters of the Village of Lyndonville vote to authorize the Trustees to borrow money for the Electric Department not to exceed three hundred thousand dollars (\$300,000) in anticipation of revenues and to execute and deliver the note or notes therefore?
5. Shall the voters of the Village of Lyndonville vote to authorize the Trustees to borrow money for the Water Department's normal expenses, not to exceed three hundred thousand dollars (\$300,000) in anticipation of revenues and to execute and deliver the note or notes therefore?
6. To elect the following officers as required: Treasurer, Trustee for the remaining Three of a Five-Year Term, Trustee for Five (5) Years, and Village Agent?
7. Do the voters of the Village of Lyndonville desire to transact any other proper business?

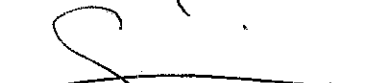
Dated at Lyndonville this 10th day of February 2020, by a majority of the Board of Trustees of the Village of Lyndonville, Vermont.

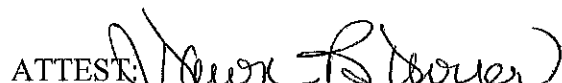

Christopher Hunter, Chair


Heather Bollman


Doug Conly


Susan Mills


Sarah Whittemore

ATTEST: 
Dawn R. Dwyer, Village Clerk

Village of Lyndonville Electric Department

2019 General Manager's Year-End Report

To the Board of Trustees, the ratepayers of the Village of Lyndonville Electric Department and citizens of the Village of Lyndonville.

I am going to start this report with a tribute to a long-standing *former* LED employee who decided to retire this past fall. Al Bishop, known to us as *Big Al*, had been with the Department for thirty-four years as stock-clerk, but more accurately as the center-hub of the Operations Department. Big Al answered phone calls during outages so you will notice an absence of his voice on the other end of the call. All things *operations* circled round *Big Al*. While composing the tribute, I realized that: our Comptroller has been at LED for forty-three years; our Billing Clerk for forty years; our Hydro Operator thirty-eight years; our Foreman and Payroll Clerk thirty-three years respectively; the head of our Meter Department thirty-two years; and myself as one of the newbies being here only twenty-one years; several linemen have been here almost as long. Spoiler Alert: in the next few years, there is going to be significant personnel exodus at the Village of Lyndonville Electric Department. Given the quickly changing political landscape of Vermont and the increasing pace of technological advancement, it is time for some of us old dogs to get out of the way and make room for the younger pups. So, for those of you looking for a local, secure, well-paying job, start developing your skill sets now, so you will be ready when we exit.

This past year's most visible change for the Department is the mural painted by local artist Larry Golden on the Main Street side of the Operations Garage. What started as a chance meeting in the Post Office with a very brief discussion or more appropriately posed as a question: *"Hey Larry, you want to paint a mural on the side of a garage?"* His reply: *"...., oh yea, let me think about it."* Weeks past, possible months, then Larry showed up with a miniature proof of what the mural might look like, and with that, the project was off and not really running but slowly building momentum. Larry secured donations of paint and materials, LED supplied the use of a lift, and mother nature provided sunny days conducive to painting. As you can see, the final product is a much-touted, highly praised, positive addition to the Village of Lyndonville landscape.

Less visible change at the Department that most of the public will not see is the beginning of reconstruction/repair of the Great Falls Hydro forebay. An inspection of the forebay conducted in the summer of 2018 determined it was time to do something. In the winter of 2018/2019, we developed a

project scope, selected a contractor, established a budget, and decided on a time frame. Fairbank Mills Construction of St. Johnsbury was chosen as the contractor, with a start date of June 1st, 2019, after the high water run. A forebay is essentially a concrete channel that carries water from the river to a headworks that channels water into a penstock for delivery to turbines inside the station. In simple terms, the process is to chip the *bad* concrete from one side of the wall then move to the other side of the wall, repeat the process leaving the *good* concrete in the middle, reform everything, pour new concrete on both sides of the wall leaving the remaining existing concrete sandwiched in the middle. However, there were places where chipping stopped because we could not find the *good* concrete in the middle and did not want to punch a void from one side of the wall to the other. It was time we undertook this project! The hydro station remained *down (not generating)* from June 1st to November 1st as planned, which coincides with our low water time of year to hold loss of generation to a minimum. In the upcoming summer of 2020, we will continue with the two smaller remaining walls and patching of spalling inside the forebay.

In the 2017 Village Report, I stated that the process of relicensing the Great Falls Hydro had gone smoothly except interaction with the Vermont Department of Historical Preservation (VDHP) and predicted that our new license would be granted in 2018. Two years later, finding ourselves in 2020 and VDHP has continued to be a point of contention, and we are still waiting for the new license. After a contentious phone call in January with the Federal Energy Regulatory Commission (FERC), VDHP, and LED, there has been no feedback or pushback by any party. I've learned my lesson on predictions; however, I do believe we are beyond the trouble spots with VDHP and are *patiently* waiting for FERC to issue our new operating license.

While we are on the topic of energy generation, we sold our *tiny* 0.033 percentage of ownership in the Wyman 4 generation facility. The W.F. Wyman plant is in Yarmouth, Maine, on Cousins Island in Casco Bay along the coast of Maine. A subsidiary of NextEra Energy Resources owns 87.489% and operates the W.F. Wyman. The plant is a conventional steam-powered facility, meaning it burns fuel, in the case of Wyman, residual fuel oil, to boil water to make steam to turn turbine generators. Heat from burning fuel oil in the boiler heats water that converts to superheated steam, which is piped to steam turbines where it expands through the turbines, spinning the turbine shaft. A shaft connects the spinning turbines in each of the four units (we had ownership only in the #4 generator) to a generator. The shaft turns the generator, and the generator makes electricity. The steam is then condensed back to water, reheated in the boiler, and the process repeats in a continuous cycle.

LED was contacted in June of 2019 and asked if we're interested in selling our small percentage of Unit 4. The offer included a purchase offer plus reimbursement of our share of the fuel inventory. Factors considered leading to our decision to sell were: the plant is scheduled to be decommissioned in 2020 and sale of our interest will remove our obligation of the estimated \$28 million decommissioning cost; remove the uncertainty around future environmental liabilities; eliminates risk of high *Pay For Performance Penalties*; the accounting for our small ownership was onerous with little real benefit. NextEra was looking for a June 30th, 2019 closing date; however, the deal did not finalize until November. I am sure my contact at NextEra was thinking: "... how can such a little electric department with only 0.033% ownership in one turbine ask so many questions?" I had no issue with embarrassing myself to the greater world to assure that I do Lyndonville Electric Department no harm.

Net Metering losses continue to be a bane to our cash flow. Even though the pace of solar installations has slowed slightly, we realized a \$374,529.00 loss to our bottom line. State governance has realized the way they structured Net Metering was/is harming in-state electric utilities, not only us small municipal electric departments but also the large investor-owned utility. This realization by the State as *not getting it quite right* will, I am sure, lead to more changes in the Net Metering structure in the years ahead of us.

Broadband is a very hot topic around the State. The Vermont Legislature recently passed Act No. 79 relating to broadband deployment throughout Vermont. More specifically, Section 11 mandates that the Commissioner of Public Service shall study the feasibility of Vermont electric companies providing broadband service using electric distribution and transmission infrastructure. Further, any electric distribution or transmission company subject to the jurisdiction of the Public Utility Commission shall aid in the development of information and analysis as requested by the Commissioner to complete the report required by this section. Act No. 79 sent shivers down the spine of all utility managers. How can we afford to build-out broadband? Is this is going to put our core electric distribution business at risk! Where are we going to find the human resource, and how much will that cost to install, maintain, and bill out this new component of our business? Will we be able to at least break even on this venture? The state selected Magellan Advisors to investigate and report on the action proposed by Act No. 79. They released their report in December. Magellan Advisors found that building-out broadband via electric utilities, large and small, was going to be expensive and fraught with uncertainties. A collective sigh of relief from utility managers was heard throughout the State. Magellan Advisors' findings does not mean the issue has gone away, but for the time being, there is no movement on this front.

There is an example within the boundaries of the State of how I think the broadband build-out should be structured, and the Magellan Advisors' report agreed in that permitting a Communications Union District (CUD) or other units of government, nonprofit organization, cooperative, or for-profit business to lease excess utility capacity to provide broadband service to unserved and underserved areas of the State. Communications Union Districts, such as the "ECFiber model, in eastern mid-state Vermont, is proven and working. Magellan Advisors believes there is merit to further the use of the CUD concept and structure to address the problem of expanding broadband service to unserved and underserved areas. The formation of a CUD protects individual towns from the credit risks associated with a failing project as the district is considered its own municipal organization. Forming a CUD also allows the entity to draw on the human capital of several towns, such as lawyers, technologists, financiers, trades, and other skilled people who can join a CUD board and contribute to its success. Locally, the NEK Collaborative has been formed in Lyndonville to investigate and hopefully bring reliable and affordable high-speed internet to every address in the Northeast Kingdom via the formation of a CUD.

Renewable Energy seems to be a *forever* topic at the forefront we are having to deal with now and into the foreseeable future. The current Renewable Energy Standard (RES) has utilities on pace for 75% renewable power portfolio by 2032. We are expecting a big push from Montpelier for updating the RES to 100% renewable by 2030. The focus will be on the in-state generation and battery storage. We will keep a close eye on this. Other items of Legislative interest are: Transportation Climate Initiative (TCI) is an initiative for twelve Northeastern states and the District of Columbia to engage in a cap and invest program to reduce greenhouse gas emissions from transportation fuels. Electric Vehicle Charging Fee, Vermont Agency of Transportation, is concerned that electrical vehicle owners who use charging stations aren't paying for gas, so they are not contributing to the fund that keeps our roads safe. How do they collect the fund? Do they do it through electric utilities? If so, will utilities be reimbursed for costs incurred? House Bill H.462, the Global Warming Solutions Act deals with air pollution control, greenhouse gas reduction, government accountability, and of course, climate change. I am not sure what will come out of this bill that will impact LED; it is the uncertainty that makes me uncomfortable.

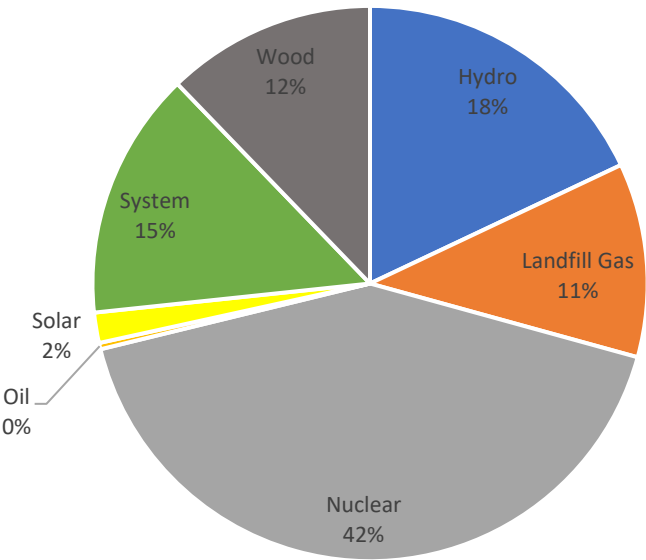
Our municipal neighbors to the north, Barton Electric, have fallen on hard times. Due to the uncertainty within the municipal structure of the town, their line crew has moved on to other electric utilities on more solid footing. Without a line crew, for the short-term, Barton Electric has contracted with Vermont Electric Cooperative (VEC) to maintain Barton's distribution system. VEC has not tried to hide their intent to purchase Barton Electric and fold Barton's territory and customers into the VEC system. In the month of February 2020, VEC will make an offer to Barton for the purchase of their Electric

Department's assets. If Barton is sold, they cease to be a Municipal Electric Department and will no longer make payments to Vermont Public Power Supply (VPPSA), a joint action agency paid for and in existence to support Vermont Municipal Utilities. There will be some contractual obligations that will accompany the purchase but, all the other costs will shift to the remaining VPPSA members; Attempting to counter this move, Lyndonville Electric, Orleans Electric, and VPPSA are working collaboratively to assist Barton Electric to remain in the municipal family by developing a plan utilizing Lyndonville, Orleans, and VPPSA resources. The draft plan has been revised twice to date and more on this soon.

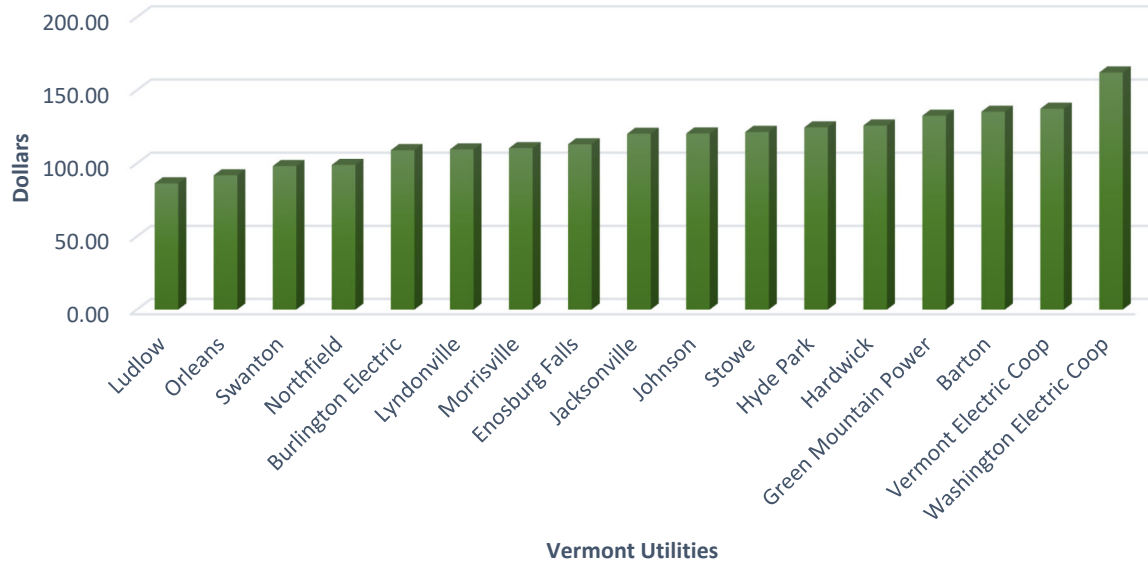
Through VPPSA, Lyndonville Electric, along the other state municipal electric departments are investigating a smart meter initiative. We have chosen three potential vendors and are presently providing GPS data to the vendors so they may develop an initial price for each Department. By doing the initiative this way, we leverage the larger buying power of the group but will get individual costs for each respective system. The price that will determine if smart metering is viable for Lyndonville Electric, if it is too expensive, we will drop out of the initiative.

All of the above directly impact LED's Cost of Service, and as you can see by the tables and charts on the following pages, LED continues to remain in the lower third of Kilowatt Hour (kWh) costs for Distribution Utilities within the State. We strive daily to ensure that our customers receive reliable power at the lowest possible cost and shall continue our daily efforts to do so. Also, I want to express my heartfelt gratitude to all LED employees and the other Village and Town departments for their result-oriented hard work, dedication, willing cooperation, and enthusiasm to solve issues we've encountered throughout this past year.

Lyndonville 2019 Fuel Mix



2019 Ranking Based on Average Monthly Residential Bill



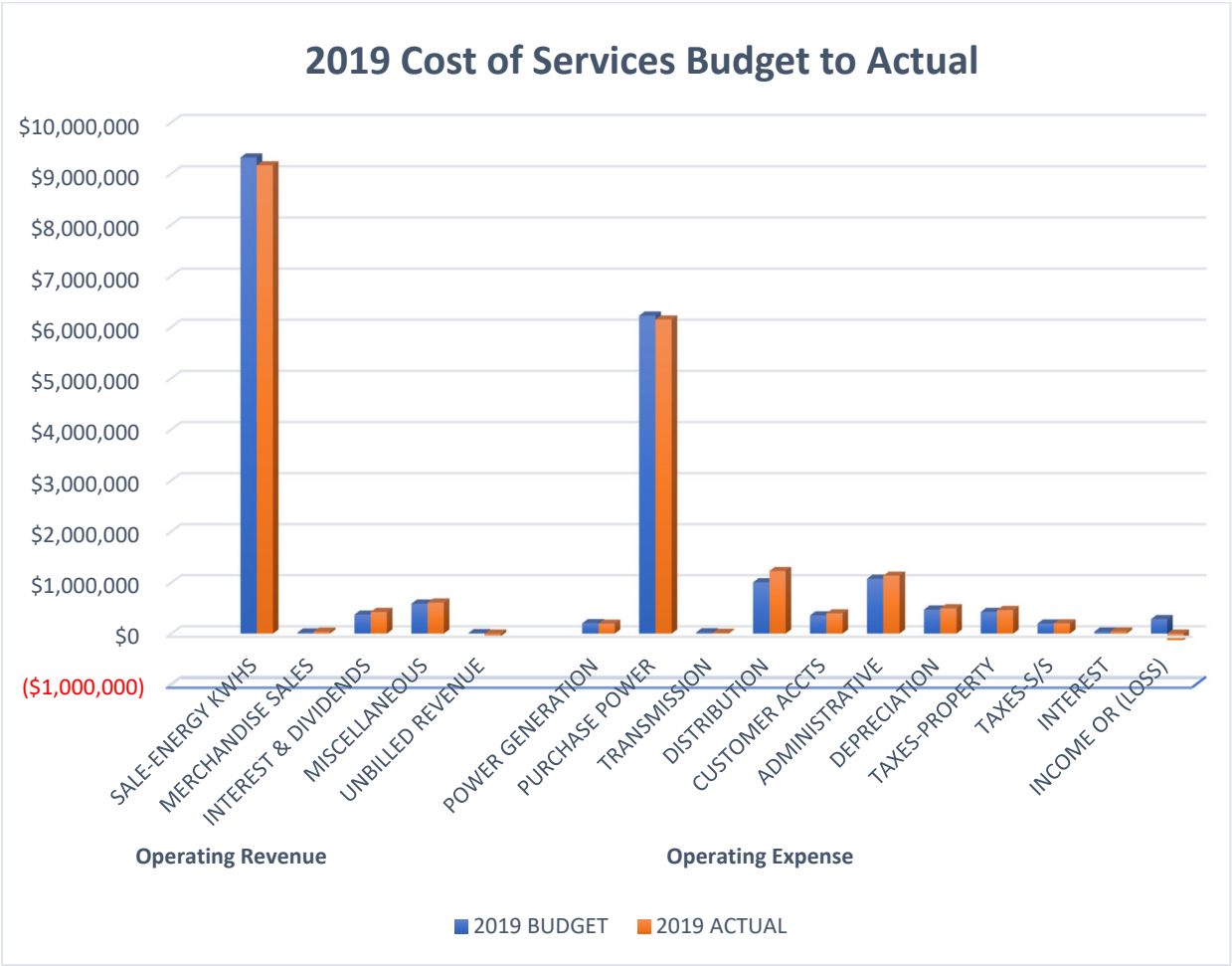
Vermont Public Power Supply Authority

2019 Vermont Utility Rankings Based On Kilo Watt Hours Sales

Utility	kWH: 200	Utility	kWH: 600	Utility	kWH: 1000
Ludlow	26.74	Ludlow	79.50	Ludlow	132.26
Jacksonville	28.95	Orleans	85.50	Orleans	138.84
Northfield	30.87	Swanton	88.05	Swanton	142.18
Orleans	32.17	Northfield	92.29	Northfield	151.71
Swanton	33.92	Burlington Electric	101.50	Burlington Electric	166.24
Enosburg Falls	34.78	Lyndonville	101.70	Lyndonville	167.11
Morrisville	35.17	Morrisville	102.20	Morrisville	169.23
Lyndonville	36.29	Enosburg Falls	104.29	Enosburg Falls	173.79
Burlington Electric	36.76	Jacksonville	108.90	Johnson	182.46
Hardwick	38.80	Johnson	112.00	Hyde Park	188.27
Washington Electric Coop	39.69	Hyde Park	115.77	Jacksonville	188.86
Johnson	41.66	Hardwick	115.94	Stowe	191.88
Barton	41.75	Stowe	118.36	Hardwick	193.08
Hyde Park	43.27	Green Mountain Power	124.75	Green Mountain Power	197.93
Stowe	44.84	Barton	124.92	Vermont Electric Coop	204.6
Vermont Electric Coop	47.81	Vermont Electric Coop	136.20	Barton	208.09
Green Mountain Power	51.58	Washington Electric Coop	146.65	Washington Electric Coop	253.62

**2019 BUDGET/2019 ACTUAL/2020 BUDGET
COST OF SERVICE SHEET**

	2019 BUDGET	2019 ACTUAL	2020 BUDGET
OPERATING REVENUE			
SALE-ENERGY KWHS	\$9,315,084	\$9,161,899	\$9,050,164
OTHER OPERATING REVENUE			
MERCHANDISE SALES	20,000	37,464	40,000
INTEREST & DIVIDENDS	371,674	423,695	420,000
MISCELLANEOUS	586,152	607,821	607,821
UNBILLED REVENUE	10,000	(49,306)	10,000
TOTAL REVENUES	10,302,910	10,181,573	10,127,985
OPERATING EXPENSES			
POWER GENERATION	202,357	193,007	197,877
PURCHASE POWER	6,224,018	6,148,636	5,945,430
TRANSMISSION	24,347	13,849	14,105
DISTRIBUTION	1,004,587	1,225,495	1,141,319
CUSTOMER ACCTS	356,872	396,416	375,174
ADMINISTRATIVE	1,075,423	1,134,048	1,095,688
DEPRECIATION	470,323	495,826	511,067
TAXES-PROPERTY	425,000	461,252	470,000
TAXES-S/S	197,575	199,289	201,603
INTEREST	38,789	40,263	38,032
TOTAL EXPENSES	10,019,291	10,308,081	9,990,295
INCOME OR (LOSS)	\$283,619	(\$126,508)	\$137,690



Respectfully Submitted

Village of Lyndonville Electric Department

Bill Humphrey
General Manager

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)

FINANCIAL STATEMENTS

December 31, 2019

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
Lyndonville, Vermont

We have audited the accompanying financial statements of Village of Lyndonville Electric Department, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village of Lyndonville Electric Department, as of December 31, 2019 and 2018, and the changes in financial position and cash flows thereof for the years 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 and Schedule of Proportionate Share of the Net Pension Liability – VMERS on page 27 and the Schedule of Contributions – VMERS on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

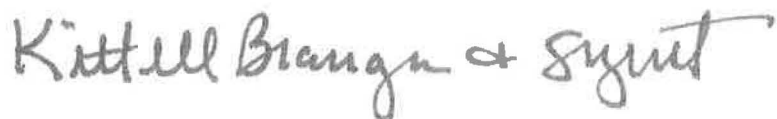
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lyndonville Electric Department's basic financial statements. The schedule of operating expenses on page 29 and 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Village of Lyndonville Electric Department and do not purport to, and do not present fairly the financial position of the Village of Lyndonville, Vermont, as of December 31, 2019 and 2018, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



St. Albans, Vermont
February 3, 2020

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

The management of Village of Lyndonville Electric Department (the Department) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended December 31, 2019 and 2018. Please read it in conjunction with the Department's financial statements, which follow this section.

The Department maintains its accounting records in the manner prescribed by the Federal Energy Regulatory Commission (FERC). The Department is regulated to rates, accounting and other matters by the Public Service Board of Vermont (PSB). In accordance with Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation*, the Department records certain assets and liabilities in accordance with the economic effects of the rate making process. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenue is recorded in the year it was earned and expenses are recorded in the year they were incurred. The basic financial statements include the statements of net position, statements of revenues, expenses and changes in net position, and the statements of cash flows. Utility Plant in Service is stated at cost. Major expenditures for plant and those which substantially increase useful lives are capitalized. When assets are retired or otherwise disposed of, their costs are removed from plant, plus removal cost, less salvage.

This section of the Village of Lyndonville Electric Department's (the Department's) annual report presents a discussion and analysis of the Department's financial performance during the fiscal years that ended on December 31, 2019 and 2018.

Financial Highlights

- Operating revenues in 2019 were \$9,747,146; an increase of \$3,325 from 2018. The 2018 total operating revenues were \$9,743,821 which was \$55,407 less than 2017 total operating revenue.
- Total operating expenses were \$10,322,929 in 2019; an increase of \$618,368 from 2018. The 2018 total operating expenses were \$9,704,561 which was \$224,394 more than 2017 operating expenses.
- Total net position at December 31, 2019 was \$11,255,150, a decrease of \$192,351 from 2018. Net position in 2018 was \$11,447,501 as compared to 2017 net position of \$10,972,588; an increase of \$474,913.
- Utility plant in service net of accumulated depreciation at December 31, 2019 was \$6,304,179 a \$97,743 increase from 2018. Utility plant in service net of accumulated depreciation in 2018 was \$6,206,436 a \$18,006 increase from 2017.

Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital assets, net	\$ 6,304,179	\$ 6,206,436	\$ 6,188,430
Current assets	3,063,137	3,821,785	3,857,981
Noncurrent assets	3,885,671	3,451,892	2,936,250
Deferred Outflows	<u>196,945</u>	<u>202,950</u>	<u>227,191</u>
Total Assets	<u>\$ 13,449,932</u>	<u>\$ 13,683,063</u>	<u>\$ 13,209,852</u>

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current liabilities	\$ 769,262	\$ 750,274	\$ 639,400
Noncurrent liabilities	1,418,412	1,474,865	1,594,565
Deferred Inflows	<u>7,108</u>	<u>10,423</u>	<u>3,299</u>
 Total Liabilities	 <u>2,194,782</u>	 <u>2,235,562</u>	 <u>2,237,264</u>
 Invested in capital assets	 5,171,102	 4,949,604	 4,808,863
Restricted - future capital additions	195,295	301,846	301,694
Unrestricted	<u>5,888,753</u>	<u>6,196,051</u>	<u>5,862,031</u>
 Total Net Position	 <u>11,255,150</u>	 <u>11,447,501</u>	 <u>10,972,588</u>
 Total Net Position and Liabilities	 <u><u>\$ 13,449,932</u></u>	 <u><u>\$ 13,683,063</u></u>	 <u><u>\$ 13,209,852</u></u>

Financial Highlights and Analysis

For the year ending December 31, 2019 capital assets, also known as utility plant in service increased \$97,743. Current year additions of \$635,288 were offset by current year depreciation of \$495,826, contributions in aid of construction of \$55,167, retirements of \$51,293 and cost to retire of \$13,448. For the year ending December 31, 2018 capital assets increased \$18,006 from 2017. Additions of \$702,741 were offset by year depreciation of \$476,388, contributions in aid of construction of \$223,163, retirements of \$159,774 and cost to retire of \$14,817.

Current assets in 2019 decreased \$758,648 from 2018. In 2019 cash/cash equivalents decreased \$794,460, accts receivable increased \$87,548, unbilled revenue decreased \$49,306, material and supplies decreased \$4,496, prepaid expenses increased \$2,183 and other current assets decreased \$117. In 2018 current assets decreased \$36,196 from 2017. In 2018 cash/cash equivalents increased \$68,919, accts receivable decreased \$80,642, unbilled revenue decreased \$49,970, material and supplies increased \$20,087, prepaid expenses decreased \$4,861 and other current assets increased \$10,271

In 2019 non-current assets increased \$433,779 from 2018. In 2019 Investment in an associated company increased \$526,152, restricted cash decreased \$106,551 and customer deposit increased \$14,178. In 2018 non-current assets increased \$515,642 from 2017. In 2018 Investment in an associated company increased \$493,491, restricted cash increased \$152 and customer deposit increased \$21,999.

Current liabilities in 2019 increased \$18,988, the result of an increase in accounts payable of \$9,007, decrease current payment on long term debt of \$4,147 and an increase in customer deposits of \$14,128. Current liabilities in 2018 increased \$110,874, the result of an increase in accounts payable of \$87,991, increase current payment on long term debt of \$833 and an increase in customer deposits of \$22,049. Current liabilities in 2017 decreased \$153,351, the result of a decrease in accounts payable of \$151,686, increase current payment on long term debt of \$815 and a decrease in customer deposits of \$2,480.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Non-Current liabilities in 2019 decreased \$56,453, the result of a decrease in long term debt of \$119,608 and an increase in net pension liability of \$63,155. Non-Current liabilities in 2018 decreased \$119,700, the result of a decrease in long term debt of \$123,568 and an increase in net pension liability of \$3,868.

Net position may serve over time as a useful indicator of a government's financial position. The Department's net position totaled \$11,255,150 as of December 31, 2019, \$11,447,501 as of December 31, 2018, \$10,972,588 as of December 31, 2017. Included in the net position at December 31, 2019 and 2018 were restrictions of \$195,295 and \$301,846 for future capital additions, respectively.

Change in Net Position

The following table summarizes the changes in net position for the years ended December 31, 2019, 2018, and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 9,747,146	\$ 9,743,821	\$ 9,799,228
Operating expenses	10,322,929	9,704,561	9,480,167
Nonoperating revenue, net	<u>383,432</u>	<u>435,653</u>	<u>417,256</u>
Change in net position	(192,351)	474,913	736,317
Net position, beginning	<u>11,447,501</u>	<u>10,972,588</u>	<u>10,236,271</u>
Net position, ending	<u>\$ 11,255,150</u>	<u>\$ 11,447,501</u>	<u>\$ 10,972,588</u>

Operating revenues in 2019 were \$9,747,146, an increase of \$3,325 from 2018. There was a decrease in electric sales to customers of \$95,405, a \$7,016 decrease in customer balances written off in 2019 and an increase in miscellaneous income of \$91,714. Operating revenues in 2018 were \$9,743,821, a decrease of \$55,407 from 2017. The decrease was attributable to a decrease of \$94,013 in the provision for uncollectible accounts and an increase in miscellaneous income of \$23,531, there was an increase in energy sales of \$15,075. These increases offset the decrease in provision for uncollectible accounts. Operating revenues in 2017 were \$9,799,228, an increase of \$145,224 from 2016. The increase was attributable to a decrease of \$173,656 in the provision for uncollectible accounts and an increase in miscellaneous income of \$163,982, there was a decrease in energy sales of \$192,414, which partially offset these increases.

Operating expenses in 2019 were \$10,322,929, an increase of \$618,368 from 2018. In 2019, there were increases in distribution of \$133,300, increases in customer accts and administrative expenses of \$40,270, and an increase in hydro/purchase power of \$369,357. Operating expenses in 2018 were \$9,704,561, an increase of \$224,394 from 2017. In 2018, there were increases in distribution of \$69,452, increases in customer accts and administrative expenses of \$62,361, and an increase in hydro/purchase power of \$51,815. Operating expenses in 2017 were \$9,480,167, a decrease of \$267,172 from 2016. In 2017, there were increases in distribution of \$178,364, customer accts/administrative, \$93,132 that was offset by a decrease in hydro/purchase power of \$562,812.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Capital contributions represent contributions in aid to construction that are paid by customers of the Department to construct additions to utility plant in service. For the years ended December 31, 2019, 2018 and 2017 the Department received \$55,167, \$223,163 and \$135,708 in aid to construction, respectively. Beginning in 2015 the Department began recording capital contributions as a reduction of utility plant in service.

Financial Information

Investments in Associated Company

Investments at December 31, for which there is no active market, and stated at cost.

	<u>Shares</u>	<u>Purchased</u>	<u>Value Per Share</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Velco Class B common stock	42	10/19/1972	\$100	\$ 4,200	\$ 4,200	\$ 4,200
	116	10/19/1972		11,600	11,600	11,600
	65	6/28/1979		6,500	6,500	6,500
	97	7/3/1979		9,700	9,700	9,700
	36	9/24/1984		3,600	3,600	3,600
	26	9/24/1984		2,600	2,600	2,600
	25	2/27/1987		2,500	2,500	2,500
	2,192	12/29/2004		<u>219,200</u>	<u>219,200</u>	<u>219,200</u>
				<u>259,900</u>	<u>259,900</u>	<u>259,900</u>
Velco Class C common stock	77	9/13/2002	\$100	7,700	7,700	7,700
	713	5/19/2004		71,300	71,300	71,300
	56	5/19/2004		<u>5,600</u>	<u>5,600</u>	<u>5,600</u>
				<u>84,600</u>	<u>84,600</u>	<u>84,600</u>
Velco Class C preferred stock - Net of Return of Capital	1,102	12/31/2006	\$100	<u>1,653</u>	<u>1,653</u>	<u>1,653</u>
Total Velco Stock				<u>346,153</u>	<u>346,153</u>	<u>346,153</u>
Transco Class A & B Units - Assigned to VPPSA in 2019, 2018 and 2017:						
Non-Specific Facilities Units				<u>3,115,576</u>	<u>2,589,424</u>	<u>2,095,933</u>
Transco Class A & B Units						
Specific Facilities Units				<u>131,000</u>	<u>131,000</u>	<u>131,000</u>
TOTAL INVESTMENTS				<u>\$3,592,729</u>	<u>\$3,066,577</u>	<u>\$2,573,086</u>

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Dividends in Velco Stock

The Department receives annual dividend payments on the Common and Preferred Stock investments. The dividend payment, for the years ended December 31, 2019 and 2018 was \$40,484 and \$44,585 respectively.

Interest in Transco

The Department's interests in Vermont Transco are units owned by VPPSA, held for the benefit of Lyndonville Electric Department. To date, this includes 732,173 general membership units in Vermont Transco valued at \$7,321,730. As the owner of the units, VPPSA receives a quarterly distribution from Transco related to the investment. VPPSA uses the funds to pay the related debt service on the financing obtained to facilitate the investment purchase, and returns the excess to its members. The Department records these funds received from VPPSA as distribution income in its financial statements and the principal payment made by VPPSA on the debt service is recorded as "Other Investment". In theory, as VPPSA pays down the related debt service, the Department is growing its investment. Once VPPSA has paid the debt service in full, the Department can request the corresponding investment to be transferred to the Village of Lyndonville Electric Department. As of 2019, the Departments financial statements show an investment in others of \$3,115,576 this amount represents the portion of VPPSA's investment that has been paid through quarterly distributions.

VPPSA's financing units with Vermont Transco are noted as follows at December 31, 2019:

	A Units	B Units	Total	Value
2006	33,017	42,022	75,039	\$ 750,390
2007	96,388	122,672	219,060	2,190,600
2008	2,056	2,617	4,673	46,730
2009	22,037	28,048	50,085	500,850
2010	28,745	36,586	65,331	653,310
2012	26,269	33,434	59,703	597,030
2014	29,620	37,700	67,320	673,200
2016	25,552	32,520	58,072	580,720
2017	12,522	15,936	28,458	284,580
2017	26,062	33,171	59,233	592,330
2018	14,371	18,291	32,662	326,620
2019	5,516	7,021	12,537	125,370
	<u>322,155</u>	<u>410,018</u>	<u>732,173</u>	<u>7,321,730</u>

VPPSA also currently owns and holds 219,400 specific facilities units in Transco which are valued at \$2,194,000 for the benefit of the Department. These units are unique in that they were issued as a mechanism to assist the Department in paying for a specific facilities project that benefits its rate payers. The accounting for the specific facilities units is similar to the general units in that, VPPSA owns the units, receives the distribution on the investment, pays the related debt service in Transco (interest only) and then distributes the excess earnings to the Department to offset the cost that is incurring for the specific facilities project. However, the specific facilities units are slightly different in that there is no principal paid on the debt because VPPSA will only own the units for a period of 10 years and then the units will be repurchased by Vermont Transco. This ownership directly corresponds to the 10 year period that the Department is obligated to pay for the specific facilities cost of the project. The excess earnings paid to the Department related to the specific facilities investment in 2019 was \$114,035.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

In addition to the specific facilities membership units owned by VPPSA, the Department owns 13,100 specific facilities membership units in Vermont Transco, related to the exclusive portion of the 115kv substation valued at \$131,000, which the Department receives as distribution income from VPPSA on a quarterly basis.

As of December 31, 2019 the Department has recorded in its financial statements a direct investment of \$131,000 in Vermont Transco and an investment in other of \$3,115,576 which represents the Department's interest in the general Transco membership units owned by VPPSA. In 2019, distribution income received related to the Departments direct investment was \$39,276 and excess earnings received from VPPSA related to the general membership units owned by VPPSA for the benefit of the Department totaled \$316,638.

Vermont Transco pays an average of 12.5% return on equity while the cost of financing these units mentioned above is just 6%.

Long term-debt

The following chart summarizes the Department's long-term debt for the years ended December 31, 2019, 2018, and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Long term debt:			
2010 Series 5 Bond	\$ 880,000	\$ 965,000	\$ 1,050,000
N/P - Passumpsic Bank	253,077	291,832	329,567
Less: Current Portion	<u>(119,358)</u>	<u>(123,505)</u>	<u>(122,672)</u>
 Total Long-Term Debt	 <u>\$ 1,013,719</u>	 <u>\$ 1,133,327</u>	 <u>\$ 1,256,895</u>

Capital Assets

The following chart summarizes capital assets and accumulated depreciation for the years ended December 31, 2019, 2018, and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital assets	\$ 17,808,397	\$ 17,279,569	\$ 16,959,766
Less accumulated depreciation	<u>11,504,218</u>	<u>11,073,133</u>	<u>10,771,336</u>
 Total capital assets, net	 <u>\$ 6,304,179</u>	 <u>\$ 6,206,436</u>	 <u>\$ 6,188,430</u>

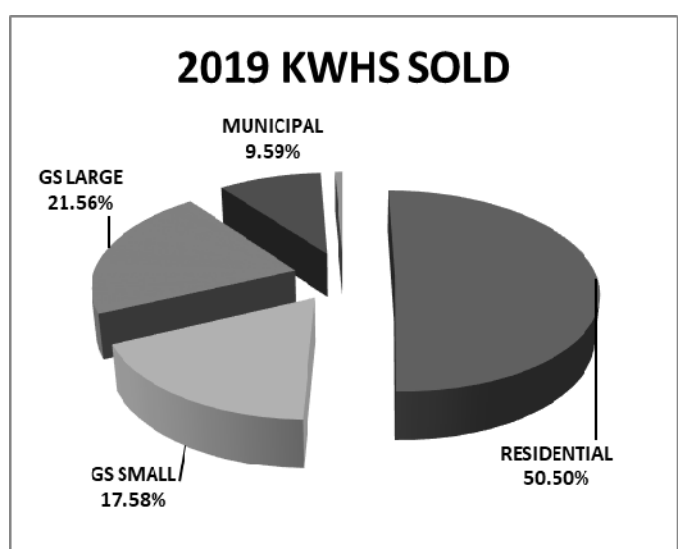
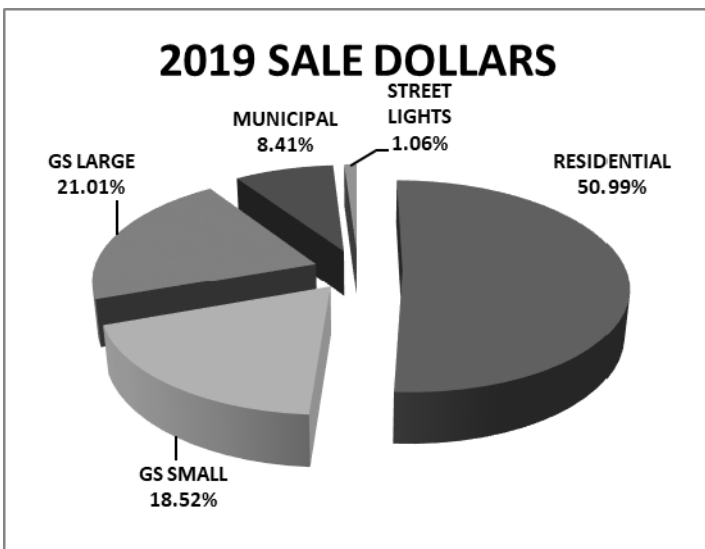
Revenue

The following charts represent a breakdown of sales by customer class for the years ended December 31, 2019, 2018, and 2017. The pie chart on the left shows dollar sales by customer class while the chart on the right side shows actual KWH's sold by customer class. Percentages on each class of service are calculated before credits.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

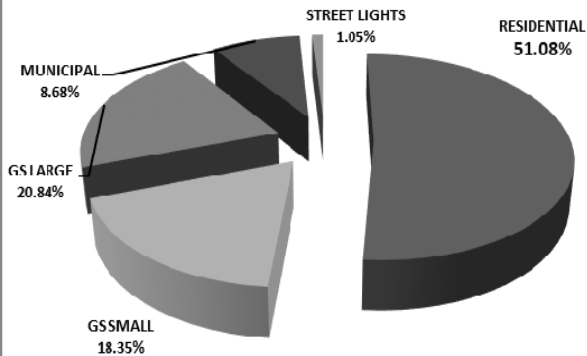
DOLLARS	2019	%	2018	%	2017	%
RESIDENTIAL	\$ 4,837,949	50.99%	\$4,897,505	51.08%	\$4,769,648	50.19%
GS SMALL	1,757,216	18.52%	1,759,512	18.35%	1,758,794	18.51%
GS LARGE	1,993,419	21.01%	1,998,402	20.84%	2,015,078	21.20%
MUNICIPAL	798,242	8.41%	832,351	8.68%	856,888	9.02%
STREET LIGHTS	100,297	1.06%	100,256	1.05%	102,960	1.08%
EXCESS GENERATION	(270,298)	0.00%	(277,678)	0.00%	(222,280)	0.00%
SOLAR CREDIT	(95,170)	0.00%	(93,288)	0.00%	(73,383)	0.00%
WINDMILL CREDIT	<u>(9,061)</u>	<u>0.00%</u>	<u>(9,061)</u>	<u>0.00%</u>	<u>(14,781)</u>	<u>0.00%</u>
TOTAL	<u>\$ 9,112,594</u>	<u>100.00%</u>	<u>\$9,207,999</u>	<u>100.00%</u>	<u>\$9,192,924</u>	<u>100.00%</u>

KWHS	2019	%	2018	%	2017	%
RESIDENTIAL	31,319,238	50.50%	31,733,021	50.61%	30,394,368	49.90%
GS SMALL	10,901,331	17.58%	10,939,259	17.45%	10,883,178	17.87%
GS LARGE	13,373,049	21.56%	13,342,974	21.28%	13,060,650	21.44%
MUNICIPAL	5,948,566	9.59%	6,210,845	9.91%	6,090,649	10.00%
STREET LIGHTS	477,867	0.77%	477,849	0.76%	487,035	0.80%
EXCESS GENERATION	(1,815,734)	0.00%	(1,860,994)	0.00%	(1,487,161)	0.00%
SOLAR CREDIT	(2,315,206)	0.00%	(2,229,724)	0.00%	(1,730,653)	0.00%
WINDMILL CREDIT	<u>(77,640)</u>	<u>0.00%</u>	<u>(77,640)</u>	<u>0.00%</u>	<u>(126,643)</u>	<u>0.00%</u>
TOTAL	<u>57,811,471</u>	<u>100.00%</u>	<u>58,535,590</u>	<u>100.00%</u>	<u>57,571,423</u>	<u>100.00%</u>

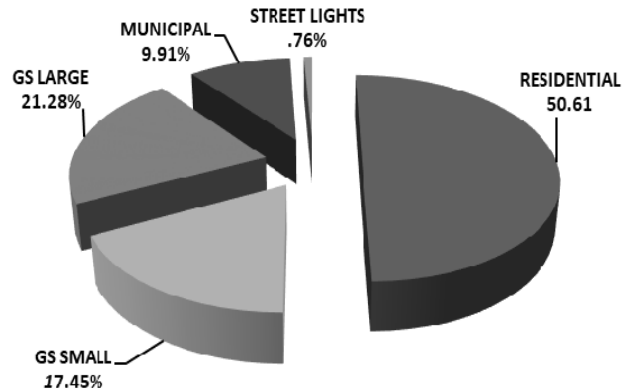


Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

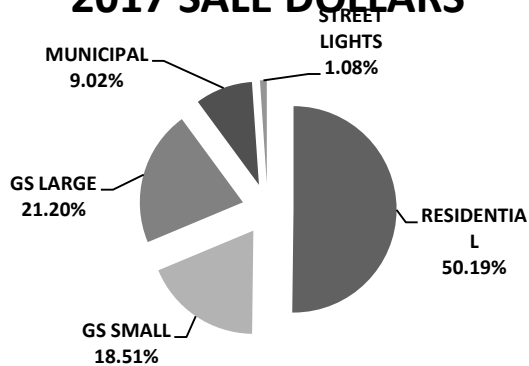
2018 SALE DOLLARS



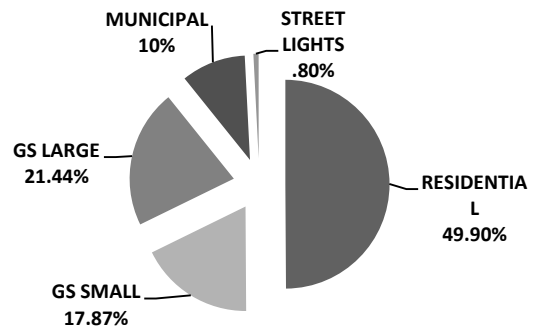
2018 KWHS SOLD



2017 SALE DOLLARS



2017 KWHS SOLD

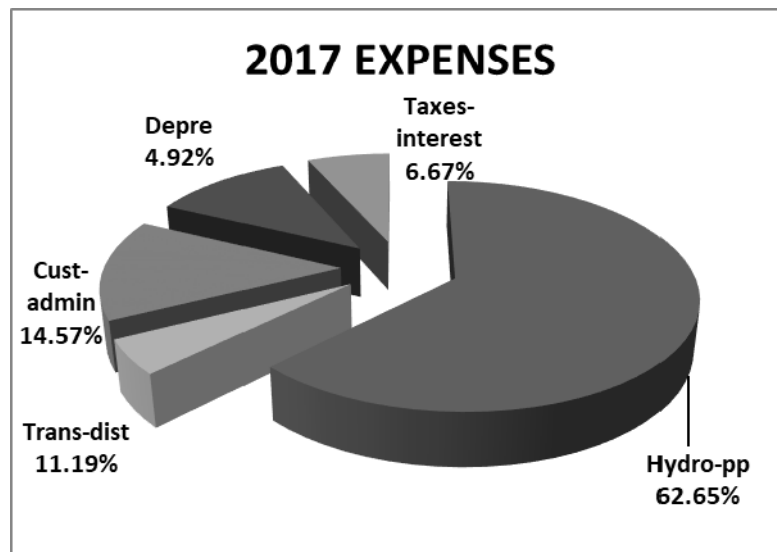
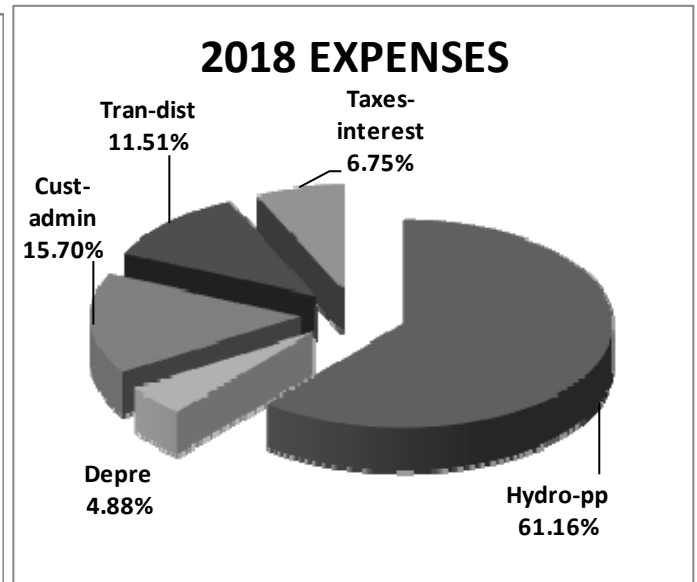
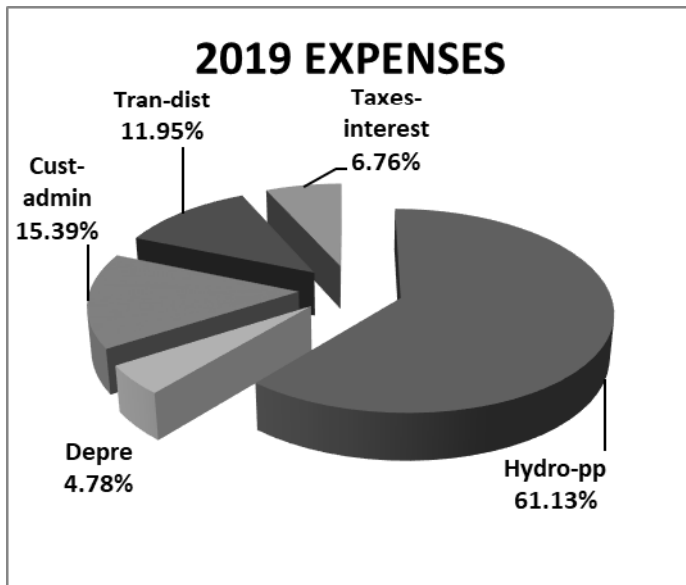


Expenses

The following chart summarizes the Department's expense for the years ended December 31, 2019, 2018, and 2017:

	<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Hydro-purchase power	\$ 6,341,643	61.13%	\$5,972,286	61.16%	\$5,920,470	62.65%
Transmission distribution	1,239,344	11.95%	1,124,078	11.51%	1,057,875	11.19%
Customer accts-administrat	1,596,309	15.39%	1,533,083	15.70%	1,376,706	14.57%
Depreciation-administrative	495,826	4.78%	476,388	4.88%	464,469	4.92%
Taxes-interest	700,804	6.76%	659,199	6.75%	630,329	6.66%
	<u>\$ 10,373,926</u>	<u>100.00%</u>	<u>\$ 9,765,034</u>	<u>100.00%</u>	<u>\$ 9,449,849</u>	<u>100.00%</u>

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019



Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
STATEMENTS OF NET POSITION
December 31,

ASSETS AND DEFERRED OUTFLOWS

	<u>2019</u>	<u>2018</u>
CAPITAL ASSETS		
Net utility plant in service	\$ 6,304,179	\$ 6,206,436
CURRENT ASSETS		
Cash and cash equivalents	1,327,680	2,122,140
Accounts receivable - net of allowance for doubtful accounts of \$30,000	835,941	748,393
Unbilled revenue	520,525	569,831
Materials, supplies and fuel stock	279,940	284,436
Prepaid expenses	82,173	79,990
Other current assets	16,878	16,995
TOTAL CURRENT ASSETS	<u>3,063,137</u>	<u>3,821,785</u>
NON-CURRENT ASSETS		
Investments in associated company	3,592,729	3,066,577
Restricted cash	195,295	301,846
Customer cash deposit	97,647	83,469
TOTAL NON-CURRENT ASSETS	<u>3,885,671</u>	<u>3,451,892</u>
DEFERRED OUTFLOWS	<u>196,945</u>	<u>202,950</u>
TOTAL ASSETS	<u>\$ 13,449,932</u>	<u>\$ 13,683,063</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	\$ 552,257	\$ 543,250
Current portion of long-term debt	119,358	123,505
Customer deposits	97,647	83,519
TOTAL CURRENT LIABILITIES	<u>769,262</u>	<u>750,274</u>
NON CURRENT LIABILITIES		
Long-term debt, excluding current installments	1,013,719	1,133,327
Net pension liability	404,693	341,538
TOTAL LONG-TERM LIABILITIES, net of current portion	<u>1,418,412</u>	<u>1,474,865</u>
DEFERRED INFLOWS	<u>7,108</u>	<u>10,423</u>
NET POSITION		
Net investment in capital assets	5,171,102	4,949,604
Restricted - future capital additions	195,295	301,846
Unrestricted	5,888,753	6,196,051
TOTAL NET POSITION	<u>11,255,150</u>	<u>11,447,501</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 13,449,932</u>	<u>\$ 13,683,063</u>

See Accompanying Notes to Financial Statements.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**
For the Year Ended December 31,

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Electric sales to customers	\$ 9,112,594	\$ 9,207,999
Miscellaneous income	645,286	553,572
Provision for uncollectible accounts	<u>(10,734)</u>	<u>(17,750)</u>
TOTAL OPERATING REVENUES	<u>9,747,146</u>	<u>9,743,821</u>
OPERATING EXPENSES		
Operation, maintenance, and general and administrative expenses	9,166,562	8,611,697
Depreciation	495,826	476,388
Taxes	<u>660,541</u>	<u>616,476</u>
TOTAL OPERATING EXPENSES	<u>10,322,929</u>	<u>9,704,561</u>
INCOME (LOSS) FROM OPERATIONS	<u>(575,783)</u>	<u>39,260</u>
NON-OPERATING REVENUE (EXPENSE)		
Investment income	423,695	478,376
Interest expense	<u>(40,263)</u>	<u>(42,723)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>383,432</u>	<u>435,653</u>
CHANGE IN NET POSITION	(192,351)	474,913
NET POSITION, Beginning of Year	<u>11,447,501</u>	<u>10,972,588</u>
NET POSITION, End of Year	<u>\$ 11,255,150</u>	<u>\$ 11,447,501</u>

See Accompanying Notes to Financial Statements.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
STATEMENTS OF CASH FLOWS
For the Year Ended December 31,

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Electric sales to customers	\$ 9,068,114	\$ 9,300,774
Miscellaneous	643,220	548,162
Payments made for:		
Power production, transmission, and purchase power	(6,992,898)	(6,510,604)
Outside services and other general expenses	(1,225,495)	(1,092,195)
Others and employees	<u>(1,519,730)</u>	<u>(1,480,100)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(26,789)</u>	 <u>766,037</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures, net	<u>(593,570)</u>	<u>(494,395)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of investments	(526,152)	(493,491)
Investment income	<u>423,695</u>	<u>478,376</u>
 NET CASH (USED) BY INVESTING ACTIVITIES	 <u>(102,457)</u>	 <u>(15,115)</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments	(123,754)	(122,734)
Interest paid	<u>(40,263)</u>	<u>(42,723)</u>
 NET CASH (USED) BY NON-CAPITAL FINANCING	 <u>(164,017)</u>	 <u>(165,457)</u>
 NET INCREASE (DECREASE) IN CASH	 (886,833)	 91,070
 CASH - Beginning of Year	 <u>2,507,455</u>	 <u>2,416,385</u>
 CASH - End of Year	 <u><u>\$ 1,620,622</u></u>	 <u><u>\$ 2,507,455</u></u>

See Accompanying Notes to Financial Statements.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
STATEMENTS OF CASH FLOWS
For the Year Ended December 31,

	<u>2019</u>	<u>2018</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income	\$ (575,783)	\$ 39,260
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation	495,826	476,388
(Increase) decrease in:		
Accounts receivable	(87,548)	80,642
Unbilled revenue	49,306	49,970
Materials, supplies, and fuel stock	4,496	(20,087)
Prepaid expenses	(2,183)	4,861
Other current assets	117	(10,271)
Deferred outflows	6,005	24,241
Increase (decrease) in:		
Accounts payable	9,007	87,992
Customer deposits liability	14,128	22,049
Net pension liability	63,155	3,868
Deferred inflows	<u>(3,315)</u>	<u>7,124</u>
Total adjustments	<u>548,994</u>	<u>726,777</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ (26,789)</u>	 <u>\$ 766,037</u>

See Accompanying Notes to Financial Statements.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lyndonville Electric Department (the Department) is a municipal utility providing retail electric power to Lyndonville, Vermont and surrounding towns. The Department is a component unit of the Village of Lyndonville, Vermont (the Village) whose board of trustees oversees the operations of the Department, and the Village is liable for the debt of the Department. The Department maintains its accounting records in the manner prescribed by the Federal Energy Regulatory Commission (FERC). The Department is regulated as to rates, accounting, and other matters, by the Public Service Board of Vermont (PSB). In accordance with Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation*, the Department records certain assets and liabilities in accordance with the economic effects of the rate making process.

In accordance with U.S. generally accepted accounting principles, the Department applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 to the extent these pronouncements do not conflict with GASB pronouncements.

Reporting Entity

The Electric Light Department is a fund of the Village of Lyndonville, Vermont. It is categorized as a separate proprietary fund and these financial statements are not intended to present fairly the financial position and results of operations and the cash flows of the proprietary fund types of the Village of Lyndonville, Vermont. The primary criteria used in determining the separate nature of the Electric Light Department is its special accounting and report practices required by various regulatory authorities.

Basis of Presentation

The department's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Capital Assets and Depreciation

Capital assets or utility plant in service is stated at cost. Major expenditures for plant and those which substantially increase useful lives are capitalized. When assets are retired or otherwise disposed of, their costs are removed from plant, and such costs, plus removal cost, less salvage, are charged against accumulated depreciation.

The Department provides for depreciation of utility plant in service using annual rates to amortize the cost of depreciable assets over their estimated useful lives, which range from five to sixty-three years. The Department uses the straight-line method of depreciation. The depreciable lives of utility plant in service are as follows:

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	<u>Lives</u>
Production plant	33 - 63 years
Transmission plant	33 - 44 years
Distribution plant	25 - 57 years
General plant	5 - 40 years

Investments in Associated Company

The Department follows the cost method of accounting for its minority ownership interest in Vermont Electric Power Company, Inc. (VELCO). VELCO owns and operates a transmission system in the State of Vermont over which bulk power is delivered to all electric utilities in the State of Vermont. Under a Power Transmission Contract with the State of Vermont, VELCO bills all costs, including amortization of its debt and a fixed return on equity, to the State of Vermont and others using the system. In addition, the Department accounts for its share of Vt. Transco, LLC as described in Note 3.

Cash and Investments

For purposes of the statement of cash flows, the Department considers all highly liquid investments, including restricted cash assets, with a maturity of three months or less when purchased to be cash equivalents.

Additional cash and investment disclosures are presented in Note 3.

Unbilled Revenue

The Department records revenue from sales of electricity in the month service is rendered. The Department records unbilled revenue for the amount of electricity used from the last meter reading date to the end of the year.

Materials, Supplies, and Fuel Stock

Materials, supplies, and fuel stock are valued at the lower of cost or market under the average cost method of valuation.

Contributions in Aid of Construction

The Department follows FERC accounting guidelines, except as otherwise allowed or prescribed by its state regulator, the PSB. In accordance with state regulatory requirements, contributions in aid of construction consist of amounts paid by customers of the Department to construct additions to utility plant in service. These additions provide these customers with access to the Department's existing plant in service. During 2019 and 2018, the Department reported \$55,167 and \$223,163, respectively, of capital contributions as a reduction of utility plant in service.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization

The Department follows the policy of charging to operating expenses annual amounts of amortization which allocate the cost of various deferred charges over periods established for ratemaking purposes. The Department employs the straight-line method for determining the annual charge for amortization.

Taxes

As a component unit of the Village, the Department is exempt from Federal income taxes on income pursuant to Section 115 of the Internal Revenue Code.

The Department pays both property and weatherization taxes each year. Property taxes represent amounts paid by the Department to towns based upon the assessed value of the land owned by the Department in each town the Department services. Weatherization taxes are paid directly to the State of Vermont on a quarterly basis as a percentage of sales to assist in weatherization needs of low income Vermonters.

Operating and Non-operating Revenues and Expenses

Operating revenues are defined as revenue received from the sale of electricity to retail customers. In addition, it includes fees for changing, connecting, or disconnecting service.

Operating expenses are defined as the ordinary costs and expenses of the Department for the operation, maintenance, and repair of the electric plant. Operating expenses include the cost of production by the Department's owned generating facilities, purchased power, system control and load dispatch, maintenance of transmission and distribution systems, customer accounting and service expenses, administrative and general expenses, and depreciation and amortization. All other expenses are considered non-operating.

Non-operating revenues are defined as revenue received from sources other than the sale of electricity. Non-operating revenues include investment income.

Revenues are billed monthly based on billing rates authorized by the PSB which are applied to customers' consumption of electricity.

Restricted Net Position

Net position is restricted when constraints are placed on them externally. When both restricted and non-restricted resources are available for use, it is the Department's policy to use unrestricted assets first with restricted resources utilized as needed.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and the valuation of unbilled revenue. Actual results could differ from those estimates.

NOTE 2 CAPITAL ASSETS – UTILITY PLANT IN SERVICE

An analysis of utility plant in service at December 31,:

	<u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>2019</u>
Utility Plant in Service:				
Land - Non-depreciable	<u>\$ 216,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,819</u>
Total	<u>216,735</u>	<u>-</u>	<u>-</u>	<u>216,819</u>
Production Plant	3,713,119	407,454	-	4,120,573
Transmission Plant	3,093,655	-	-	3,093,655
Distribution Plant	8,270,801	179,989	(45,840)	8,378,766
General Plant	<u>1,985,259</u>	<u>47,846</u>	<u>(60,621)</u>	<u>1,998,584</u>
Depreciable Operating	<u>17,062,834</u>	<u>635,289</u>	<u>(106,461)</u>	<u>17,591,578</u>
Total	<u>17,279,569</u>	<u>635,289</u>	<u>(106,461)</u>	<u>17,808,397</u>
Accumulated Depreciation:				
Production Plant	1,868,739	61,430	-	1,930,168
Transmission Plant	1,347,633	90,390	-	1,438,024
Distribution Plant	6,218,044	245,085	(21,141)	6,441,988
General Plant	<u>1,638,717</u>	<u>98,921</u>	<u>(43,601)</u>	<u>1,694,038</u>
Total	<u>11,073,133</u>	<u>495,826</u>	<u>(64,742)</u>	<u>11,504,218</u>
Net Utility Plant in Service	<u>\$6,206,436</u>	<u>\$ 139,463</u>	<u>\$ (41,719)</u>	<u>\$6,304,179</u>

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 CASH AND INVESTMENTS

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Department's deposits may not be recovered. The deposits in Community National Bank which are in excess of the insured amount are collateralized up to \$2,000,000 by FHLB Boston. The bank deposits at December 31, 2019 were \$2,383,689, of which \$555,561 was insured by the federal deposit insurance corporation (FDIC) and \$1,828,129 was collateralized. The book deposits at December 31, 2019 were \$1,620,622 which were collateralized at December 31, 2019.

Investments represent VELCO stock and VELCO, LLC units. The investments are carried at cost which is estimated fair market value. These investments are not publicly traded on an active market. VT, Transco, LLC units are held by VPPSA on behalf of the Department.

The balance at December 31, was:

	<u>2019</u>	<u>2018</u>
Velco Class C preferred stock - Net of Return Capital	\$ 1,653	\$ 1,653
Velco Class B common stock - 2,659 shares in 2019	259,900	259,900
Velco Class C common stock - 846 shares in 2019	<u>84,600</u>	<u>84,600</u>
 Total Velco Stock	 <u>346,153</u>	 <u>346,153</u>
 Transco Class A & B Units - Assigned to VPPSA in 2019.	 <u>3,246,576</u>	 <u>2,720,424</u>
 TOTAL INVESTMENTS	 <u><u>\$3,592,729</u></u>	 <u><u>\$3,066,577</u></u>

NOTE 4 RETIREMENT - VMERS

Information Required Under GASB Statement No. 68

Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions requires employers participating in a cost-sharing, multiple-employer defined benefit pension plan to recognize their proportional share of total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedules below have been prepared to provide Village of Lyndonville Electric Department's proportional share of the overall amounts of the VMERS plan. Village of Lyndonville Electric Department's portion has been allocated based on Village of Lyndonville Electric Department's proportional share of employer contributions to the total contributions to VMERS during the fiscal year.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT - VMERS (continued)

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

Fiscal Year Ended June 30, 2017						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.95% Disc Rate)	Net Pension Liability 1% Decrease (8.95% Disc Rate)
\$ 46,036	0.28190%	\$ 341,535	\$ 148,672	\$ 10,423	\$ 609,788	\$ 119,062

Schedule B – Employers’ Allocation as of June 30, 2018

Fiscal Year Ended June 30, 2018						
Employer Contributions	Employer Proportion	Net Pension Liability	Total Deferred Outflows	Total Deferred Inflows	Net Pension Liability 1% Decrease (6.50% Disc Rate)	Net Pension Liability 1% Decrease (8.50% Disc Rate)
\$ 50,389	0.28770%	\$ 404,693	\$ 140,565	\$ 7,108	\$ 685,457	\$ 176,352

Schedule C – Employers’ Allocation of Pension Amounts as of June 30, 2018

Deferred Outflows of Resources							
Employer Proportion	Net Pension Liability	Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportional Share of Contributions and Proportionate Share of Contributions	Total Deferred Outflows
0.28770%	\$ 404,693	\$ 35,151	\$ 44,815	\$ -	\$ 46,902	\$ 13,697	\$ 140,565

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT – VMERS (continued)

Deferred Inflows of Resources					
Difference Between Expected and Actual Experience	Changes in Assumptions	Changes in Benefits	Difference Between Projected and Actual Investment Earnings	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows
\$ 6,471	\$ -	\$ -	\$ -	\$ 637	\$ 7,108

Pension Expense Recognized		
Proportionate Share of Pension Plan Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total
\$ 113,605	\$ 4,731	\$ 118,336

Schedule D – Employers’ Allocation of Recognition of Deferred Outflows/Inflows as of June 30, 2018

Fiscal Year Ending June 30,					
2019	2020	2021	2022	2023	Thereafter
\$ 81,381	\$ 31,084	\$ 10,371	\$ 10,619	\$ -	\$ -

Schedule E – Contribution History for Fiscal Years 2016-2018

FY 2018	FY 2017	FY 2016
\$ 50,389	\$ 46,036	\$ 39,877

The full report containing the schedules of all employers in the VMERS plan is available on the State of Vermont Treasurer’s website at:

<http://www.vermonttreasurer.gov/content/retirement/vmers/financial-reports>

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT - VMERS (continued)

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

http://finance.vermont.gov/reports_and_publications/cafr

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

Summary of System Provisions

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

Village of Lyndonville Electric Department
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT - VMERS (continued)

	Groups B and C – average annual compensation during highest 3 consecutive years.
	Group D – average annual compensation during highest 2 consecutive years.
Service Retirement Allowance	
Eligibility	Group A – The earlier of age 65 with 5 years of service or age 55 with 35 years of service.
	Group B – The earlier of age 62 with 5 years of service or age 55 with 30 years of service.
	Groups C and D – Age 55 with 5 years of service.
Amount	Group A – 1.4% of AFC x service
	Group B – 1.7% of AFC x service as Group B member plus percentage earned as Group A member x AFC
	Group C – 2.5% of AFC x service as a Group C member plus percentage earned as a Group A or B member x AFC
	Group D – 2.5% of AFC x service as a Group D member plus percentage earned as a Group A, B or C member x AFC
	Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The above amounts include the portion of the allowance provided by member contributions.
Early Retirement Allowance	
Eligibility	Age 55 with 5 years of service for Groups A and B; age 50 with 20 years of service for Group D.
Amount	Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes Normal Retirement Age for Group A and B member, and payable without reduction to Group D members.
Vested Retirement Allowance	
Eligibility	5 years of service.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT - VMERS (continued)

Amount	Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.
Disability Retirement Allowance	
Eligibility	5 years of service and disability as determined by Retirement Board.
Amount	Immediate allowance based on AFC and service to date of disability; children's benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.
Death Benefit	
Eligibility	Death after 5 years of service.
Amount	For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor's benefit under disability annuity computed as a date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.
Optional Benefit and Death after Retirement	
	For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint or survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.
Refund of Contribution	
	Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.
Post-Retirement Adjustments	
	Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in consumer price index but not more than 2% for Group A and 3% for Groups B, C and D.
Retirement Stipend	
	\$25 per month payable at the option of the Board of retirees.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT - VMERS (continued)

			For Fiscal year ended 6/30/18
Member Contributions	Group	Effective 7/1/18	
	Group A	2.625%	2.50%
	Group B	5.00%	4.875%
	Group C	10.125%	10.00%
	Group D	11.475%	11.35%
Employer Contributions	Group	Effective 7/1/18	For Fiscal year ended 6/30/18
	Group A	4.125%	4.00%
	Group B	5.625%	5.50%
	Group C	7.375%	7.25%
	Group D	9.975%	9.85%

Significant Actuarial Assumptions and Methods

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

Salary Increases: 5% per year

Deaths:

Death in Active Service:

Groups A, B, and C – 98% of RP-2006 blended 60% Blue Collar Employee, 40% Healthy Employee with generational improvement.

Group D – RP-2006 Blue Collar Annuitant Table with generation improvement

Healthy Post- Retirement:

Groups A, B, and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational improvement

Group D: 100% of RP-2014 Healthy Annuitant with generational improvement

Disabled Post-Retirement:

All Groups- RP-2006 Disabled Mortality Table with generational improvement

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

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT - VMERS (continued)

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.3% per annum for members of Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B, and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit.) The January 1, 2019 COLA is assumed to be 1.3% 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: 2.5%

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 RETIREMENT - VMERS (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.5%. 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 net pension liability, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.5%) or one percent higher (8.5%) than the current rate:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$ 685,457	\$ 404,692	\$ 176,352

NOTE 5 DEFINED CONTRIBUTION PLAN

All non-unionized employees are eligible to participate in a money purchase retirement plan. Participants are eligible under this plan after 1 year of service and upon attaining age 21. The contribution rate for the employer under this plan is 10%, with no required contribution rate on behalf of the employee.

Pension expense which equaled the annual required contribution for the year ended December 31, 2019 and 2018 was \$42,948 and \$39,457, respectively.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 6 NOTES AND BONDS PAYABLE

	<u>2019</u>	<u>2018</u>
2010 Vermont Municipal Bank Bond payable to US Bank, requiring annual principal repayments ranging from \$80,000 to \$85,000 plus interest rates per annum ranging from .777% to 3.546% over the 20 year life of the bond. Matures in December, 2030	\$ 880,000	\$ 965,000
Note payable to Passumpsic Bank, requiring monthly payments of \$3,715 including fixed interest at 2.19% Matures in March, 2026	<u>253,077</u>	<u>291,832</u>
	1,133,077	1,256,832
Less Current Portion:	<u>(119,358)</u>	<u>(123,505)</u>
	<u>\$1,013,719</u>	<u>\$1,133,327</u>

The annual debt service requirements to maturity, including principle and interest, for long-term as of December 31, 2019 are as follows:

<u>For the years then ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 119,358	\$ 34,236	\$ 153,594
2021	120,228	31,180	151,408
2022	121,118	27,819	148,937
2023	122,028	24,438	146,466
2024	122,957	21,038	143,995
2025-2029	447,388	57,244	504,632
2030	<u>80,000</u>	<u>2,837</u>	<u>82,837</u>
	<u>\$ 1,133,077</u>	<u>\$ 198,792</u>	<u>\$1,331,869</u>

NOTE 7 COMMITMENTS

Village of Lyndonville Electric Department (the Electric Department) is a member of the Vermont Public Power Supply Authority ("VPPSA"). The Electric Department pays a proportionate share of VPPSA's operating costs and holds a seat on the VPPSA Board of Directors.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

Central Dispatch Agreement

The Electric Department has entered into a Central Dispatch Agreement (CDA) with VPPSA for the economic dispatch of its generating sources. Under the CDA, the Electric Department authorizes VPPSA to act as its billing agent with regard to its generating sources and transmission providers. VPPSA continues to provide dispatch services to the Electric Department under the terms of the CDA between the Electric Department and VPPSA dated 8/9/2001.

Power Supply Resources

The energy sold through the Village Electric Department is obtained from a combination of sources. While some energy is generated by the Electric Department, most is provided by other sources through power purchase contracts. The following section summarizes all of the major power agreements as of December 31, 2019.

Chester Solar

- Size: 4.8 MW
- Fuel: Solar
- Location: Chester, MA
- Entitlement: 29.8% (1.423 MW), PPA
- Products: Energy, capacity
- End Date: 6/30/39
- Notes: The contract does not include the environmental attributes.

Fitchburg Landfill

- Size: 4.5 MW
- Fuel: Landfill Gas
- Location: Westminister, MA
- Entitlement: 24.8%, PPA
- Products: Energy, capacity, renewable energy credits (MA I)
- End Date: 12/31/31
- Notes:

Hydro Quebec US (HQUS)

- Size: 212 MW
- Fuel: Hydro
- Location: Quebec
- Entitlement: 0.284% (0.602) MW, PPA
- Products: Energy, renewable energy credits (Quebec system mix)
- End Date: 10/31/38

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

Kruger Hydro

- Size: 6.7 MW
- Fuel: Hydro
- Location: Maine and Rhode Island
- Entitlement: 25.45% (1.730) MW, PPA
- Products: Energy, capacity
- End Date: 12/31/37
- Notes: The Electric Department has an agreement with VPPSA to purchase unit contingent energy and capacity from six hydroelectric generators. The contract does not include the environmental attributes.

McNeil Station

- Size: 54 MW
- Fuel: Wood
- Location: Burlington, Vermont
- Entitlement: 3% (1.5 MW), joint-owned through VPPSA
- Products: Energy, capacity, renewable energy credits (CT Class I)
- End Date: Life of Unit
- Notes: As the joint-owner, VPPSA has agreements with the Electric Department to pay for and purchase 3% of the unit's output.

New York Power Authority (NYPA)

- Size: 2,675 MW (Niagara), 1,957 MW (St. Lawrence)
- Fuel: Hydro
- Location: New York State
- Entitlement: 0.405 MW (Niagara PPA), 0.025 MW (St. Lawrence PPA)
- Products: Energy, capacity, renewable energy credits (New York System Mix)
- End Date: 9/1/25 (Niagara), 4/30/2032 (St. Lawrence)
- Notes: NYPA provides hydro power to the Electric Department under two contracts, which will be extended at the end of their term.

PUC Rule 4.100 (VEPPI Program)

- Size: Small hydro < 80 MW
- Fuel: Hydro
- Location: Vermont
- Entitlement: 1.06% (Statutory)
- Products: Energy, capacity

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

- End Date: 10/31/2020
- Notes: The Electric Department is required to purchase hydro power from small power producers through Vermont Electric Power Producers, Inc. ("VEPPI"), in accordance with PUC Rule #4.100. The entitlement percentage fluctuates slightly each year with the Electric Department's pro rata share of Vermont's retail energy sales, and does not include the renewable energy credits.

PUC Rule 4.300 (Standard Offer Program)

- Size: Small renewables, primarily solar < 2.2 MW
- Fuel: Mostly solar, but also some wind, biogas and micro-hydro
- Location: Vermont
- Entitlement: 1.14% (Statutory)
- Products: Energy, capacity, renewable energy credits
- End Date: Varies
- Notes: The Electric Department is required to purchase power from small power producers through the Vermont Standard Offer Program in 2019, in accordance with PUC Rule #4.300. The entitlement percentage fluctuates slightly each year with the Electric Department's pro rata share of Vermont's retail energy sales.

Project 10

- Size: 40 MW
- Fuel: Oil
- Location: Swanton, VT
- Entitlement: 19.6% (7.84 MW), joint-owned through VPPSA
- Products: Energy, capacity, reserves
- End Date: Life of unit
- Notes: As the joint-owner, VPPSA has agreements with the Electric Department pay for and purchase 19.6% of the unit's output.

Ryegate

- Size: 20.5 MW
- Fuel: Wood
- Location: East Ryegate, VT
- Entitlement: 1.13% (0.232 MW), PPA
- Products: Energy, capacity, renewable energy credits (CT Class I)
- End Date: 10/31/2021

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

Seabrook 2018-22

- Size: 1,250 MW
- Fuel: Nuclear
- Location: East Ryegate, VT
- Entitlement: 3.825 MW On-Peak, 2.808 MW Off-Peak (PPA)
- Products: Energy, capacity, environmental attributes (Carbon-free nuclear)
- End Date: 12/31/2022

Stonybrook

- Size: 352 MW
- Fuel: Natural Gas, Oil
- Location: Ludlow, MA
- Entitlement: 0.44%, (1.55 MW), PPA
- Products: Energy, capacity, reserves
- End Date: Life of unit

Vail & Great Falls Hydro

- Size: 2.4 MW
- Fuel: Hydro
- Location: Lyndonville, VT
- Entitlement: 100%, Owned
- Products: Energy, capacity, renewable energy credits (VT Tier I & II)
- End Date: Life of unit

Wyman 4

- Size: 619 MW
- Fuel: Oil
- Location: Yarmouth, ME
- Entitlement: 0.204 MW, PPA
- Products: Energy, capacity, reserves
- End Date: November 2019
- Notes: The current owner of the plant, NextEra, offered to buy out the Electric Department's entitlement in 2019, and the Electric Department accepted. As a result, it no longer has an entitlement to the plant as of November 2019.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

Market Contracts

- Size: Varies
- Fuel: England System Mix
- Location: New England
- Entitlement: Varies (PPA)
- Products: Energy, renewable energy credits
- End Date: Varies, less than 5 years.
- Notes: In addition to the above resources, the Electric Department purchases system power from various other entities under short-term (5 year or less) agreements. These contracts are described as Planned and Market Purchases in the tables below.

The percentage of energy (MWH) acquired from the above sources for the year ended December 31, 2019 was as follows:

Resource	2019 MWH	%	Fuel	Exp. Date
Chester Solar	2,002	2.90%	System	6/30/2039
Fitchburg Landfill	7,750	11.30%	Landfill Gas	12/31/2031
HQUS Contract	3,516	5.10%	Hydro	10/31/2038
Kruger Hydro	6,546	9.50%	System	12/31/2037
McNeil Facility	6,817	9.90%	Wood	Life of Unit
NYPA Niagara Contract	5,409	7.90%	Hydro	9/1/2025
NYPA St. Lawrence Contract	121	0.20%	Hydro	4/30/2032
Phase I/II Transmission Facilities	0	0.00%	N/A	Life of Unit
Project #10	52	0.10%	Oil	Life of Unit
PUC Rule 4.100 Program (VEPPI)	317	0.50%	Hydro	10/31/2020
PUC Rule 4.300 Program (Std Offer)	1,213	1.80%	Solar	Varies
Ryegate Facility	1,560	2.30%	Wood	10/31/2021
Seabrook 2018-22 Purchase	28,747	41.90%	Nuclear	12/31/2022
Stony Brook Station	197	0.30%	Oil	Life of Unit
Vail & Great Falls Hydro	2,962	4.30%	Hydro	Life of Unit
Wyman Station	2	0.00%	Oil	Nov 2019
Market Contracts	<u>1,364</u>	<u>2.00%</u>	Hydro	Life of Unit
TOTAL RESOURCES	68,575	100.00%		
Total Load Including Losses	64,275			
ISO Exchange (+Purchase/-Sale)	-4,300	-6.30%		

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

The cost of power from all power vendor sources for the year ended December 31, 2019 was as follows:

POWER SUPPLY COSTS

Resource	Total
Chester Solar	\$ 81,577
Fitchburg Landfill	225,080
HQUS Contract	88,451
Kruger Hydro	55,748
McNeil Facility	148,567
NYPA Niagara Contract	(53,041)
NYPA St. Lawrence Contract	(1,320)
Phase I/II Transmission Facilities	(38,406)
Project #10	(307,041)
Ryegate Facility	88,632
Seabrook 2018-22 Purchase	616,710
Standard Offer Program	264,383
Stony Brook Station	(75,546)
Vail & Great Falls Hydro	(14,938)
VEPPI Program	23,406
Wyman Station	(9,624)
Market Contracts	<u>46,965</u>
 SUBTOTAL POWER SUPPLY	 1,139,603

TRANSMISSION COSTS

Resource	Total
Open Access Transmission Tariff	1,073,624
1991 VTA - Common Facilities	286,088
1991 VTA - Specific Facilities	335,497
1991 SPA - Shared & Exclusive	40,932
Highgate Converter - O&M	226
Wyman Transmission	<u>(162)</u>
 SUBTOTAL TRANSMISSION	 1,736,205

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

ISO MARKETS & MISC COSTS

Resource	Total
Energy Market	2,015,178
Capacity Market	1,113,013
Reserve Market	20,410
NCPC	9,136
Regulation Services	12,643
Marginal Loss Revenues	(5,413)
Auction Revenue Rights	(9,477)
Other Load Settlement	(859)
VPPSA Fees - Power Supply	85,752
ISONE Self Funding Tariff	77,672
VELCO Tariff Allocation	1,635
VELCO Market Settlement	2,472
VELCO Service Fees	1,353
REC Sales	(51,150)
GIS Costs	<u>463</u>

SUBTOTAL ISO MARKETS & MISC 3,272,828

GRAND TOTAL \$6,148,636

Lyndonville has not participated in the purchase of energy for delivery from any counterparty whose contract has not already begun delivery as of 12/31/2019. All contracted energy purchases are specifically reflected in the 2019 Power Supply Audit Note above.

For many years, VELCO offered stock to the Vermont distribution companies when it undertook a financing. The distribution companies were encouraged to acquire VELCO stock for several reasons. First, the FERC-approved dividend rate substantially exceeds the cost of money used to purchase the stock. Second, as shareholders of VELCO, the municipalities have a voice in the operation of VELCO through the "municipal representative" director who has historically been elected to the VELCO Board. Finally, if each of VELCO's Vermont customers own its' load ratio share of stock, then VELCO and its customers can avoid disputes at FERC over the rate of return on equity of VELCO. In 2006, VELCO created Vt. Transco, a Limited Liability Company. Whereas VELCO previously offered stock, all future financings would be funded by the offer of membership units in Vt. Transco, LLC.

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 COMMITMENTS (continued)

In 2007, Vt. Transco, LLC offered \$113.5 Million of equity in the form of membership units to the Vermont Distribution companies. At the time of the offer, each member had the opportunity to purchase Transco units. As an alternative to purchasing the equity itself, a member of the Vermont Public Power Supply Authority ("VPPSA") had the authority to elect to have VPPSA acquire the units as allowed by the Vt. Transco, LLC operating agreement and a separate TRANSCO equity agreement between the member and VPPSA. The latter agreement does not eliminate the municipality's right to purchase equity in Vt. Transco; it simply provides the option to have VPPSA purchase the units for the benefit of the member and defines the terms should it be advantageous to do so. During 2010 VPPSA purchased an additional \$500,850 of these units for the benefit of the Village of Lyndonville Electric Department. During 2012 VPPSA purchased an additional \$597,030 of these units for the benefit of the Lyndonville Electric Department. During 2014, VPPSA purchased an additional \$673,200 For the benefit of the Lyndonville Electric Department. This amount represents units valued at \$347,100 that were previously assigned to VELCO in 2013 and units valued at \$326,100 that were offered to the Village in 2014. In 2016 VPPSA purchased an additional \$551,670 in units. In 2017 VPPSA purchased an additional 28,458 units valued at \$284,580 for the benefit of the Lyndonville Electric Department. At the end of 2017 VPPSA purchased an additional 59,233 units valued at \$592,330 for the benefit of the Lyndonville Electric Department which were transferred to the department in 2018. In 2018 VPPSA purchased an additional 32,662 units valued at \$326,620 for the benefit of the Lyndonville Electric Department. In 2019 VPPSA purchased an additional 12,537 units valued at \$125,370 for the benefit of the Lyndonville Electric Department

The units are owned by VPPSA, the associated debt is an obligation of VPPSA and VPPSA will receive the distributions related to the units. However, as outlined in the Transco Equity Agreement and further recognized by the Vt. Public Service Board in Docket 7340, the Village of Lyndonville Electric Department will receive all the benefits of the units related to their load share. The distributions received by VPPSA related to these units shall be used first, to cover VPPSA's debt service costs related to those units, and second, all net earnings from the investment will be recorded as investment income in the Village of Lyndonville Electric Department's financial statements. In addition, as principle payments are made on this debt, the member will record an investment in others with an offsetting credit to miscellaneous income. At December 31, 2019 the investment in others is \$3,246,576.

NOTE 8 SUBSEQUENT EVENTS

In accordance with professional accounting standards, the Department has evaluated subsequent events through February 3, 2020 the date which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2019 have been incorporated into these financial statements herein.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Lyndonville Electric Department
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - VMERS
For the Year Ended December 31, 2019

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Department's proportion of the net pension liability (asset)	0.2416%	0.2321%	0.2681%	0.2624%	0.2819%	0.2877%
Department's proportionate share of the net pension liability (asset)	<u>\$ 87,961</u>	<u>\$ 21,179</u>	<u>\$ 206,701</u>	<u>\$ 337,670</u>	<u>\$ 341,535</u>	<u>\$ 404,693</u>
Department's covered-employee payroll	<u>\$ 726,617</u>	<u>\$ 683,875</u>	<u>\$ 696,559</u>	<u>\$ 770,720</u>	<u>\$ 881,335</u>	<u>\$ 975,212</u>
Department's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.11%	3.10%	29.67%	43.81%	38.75%	41.50%
Plan fiduciary net position as a percentage of the total pension liability	92.71%	98.32%	87.42%	80.95%	83.64%	82.60%

Significant Actuarial Assumptions and methods are described in Note 4 to the financial statements. The following assumptions and methods were effective December 31, 2018:

1. Assumed inflation was remained constant at 2.5%
2. The investment return assumption remained constant at 7.50%
3. Assumed COLA increases remained constant at 1.15% for Group A Members and at 1.3% for Groups B, C and D
4. The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.

See Accompanying Notes to Financial Statements.

Village of Lyndonville Electric Department
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - VMERS
For the Year Ended December 31, 2019

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually Required Contributions (Actuarially Determined)	\$ 29,933	\$ 29,001	\$ 37,478	\$ 39,878	\$ 46,036	\$ 50,389
Contributions in Relation to the Actuarially Determined Contributions	<u>29,933</u>	<u>29,001</u>	<u>37,478</u>	<u>39,878</u>	<u>46,036</u>	<u>50,389</u>
Covered Employee Payroll	<u>\$ 737,580</u>	<u>\$ 667,330</u>	<u>\$ 696,559</u>	<u>\$ 770,720</u>	<u>\$ 881,335</u>	<u>\$ 975,212</u>
Contributions as a Percentage of Covered Employee Payroll	4.06%	4.35%	5.38%	5.17%	5.22%	5.17%

Significant Actuarial Assumptions and methods are described in Note 4 to the financial statements. The following assumptions and methods were effective December 31, 2018:

1. Assumed inflation was remained constant at 2.5%
2. The investment return assumption remained constant at 7.50%
3. Assumed COLA increases remained constant at 1.15% for Group A Members
and at 1.3% for Groups B, C and D
4. The mortality tables were updated from variations of RP-2000 with static projection to variations of RP-2014 with generational improvement.

SUPPLEMENTARY INFORMATION

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)

SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATING EXPENSES
For the Year Ended December 31, 2019

	<u>Operation</u>	<u>Maintenance</u>	<u>Total</u>
PRODUCTION EXPENSES			
Power Generation:			
Supervision and labor	\$ 41,816	\$ 9,085	\$ 50,901
Supplies and expense	119,612	22,494	142,106
Total Power Generation Expenses	<u>\$ 161,428</u>	<u>\$ 31,579</u>	193,007
Purchased Power			<u>6,148,636</u>
TOTAL PRODUCTION EXPENSES			<u>6,341,643</u>
 TRANSMISSION SUPPLIES AND EXPENSE	 <u>\$ 11,363</u>	 <u>\$ 2,486</u>	 <u>13,849</u>
 DISTRIBUTION EXPENSES			
Supervision and labor	\$ 32,365	\$ 2	32,367
Line and station expense	249,063	663,631	912,694
Street lighting and signal system	1,762	12,468	14,230
Meter expense	26,967	1,084	28,051
Customer installation	2,209	-	2,209
Miscellaneous distribution expenses	200,273	-	200,273
Rent	35,671	-	35,671
TOTAL DISTRIBUTION EXPENSES	<u>\$ 548,310</u>	<u>\$ 677,185</u>	<u>1,225,495</u>
 CUSTOMER ACCOUNTS EXPENSES			
Meter reading expense			108,078
Customer record and collection expense			222,060
Uncollectible accounts			49,866
Promotional expense			919
Miscellaneous expense			<u>4,759</u>
TOTAL CUSTOMER ACCOUNTS EXPENSES			<u>385,682</u>
 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries			163,272
Office supplies and expense			39,036
Outside services employed			308,516
Property insurance			52,167
Injuries and damages			46,295
Employee pension and benefits			476,223
Miscellaneous			<u>114,384</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES			<u>1,199,893</u>
 TOTAL OPERATION, MAINTENANCE AND GENERAL AND ADMINISTRATIVE EXPENSE			 <u>\$ 9,166,562</u>

Village of Lyndonville Electric Department
(A Component Unit of the Village of Lyndonville, Vermont)

SUPPLEMENTARY INFORMATION
SCHEDULE OF OPERATING EXPENSES
For the Year Ended December 31, 2018

	<u>Operation</u>	<u>Maintenance</u>	<u>Total</u>
PRODUCTION EXPENSES			
Power Generation:			
Supervision and labor	\$ 40,985	\$ 6,772	\$ 47,757
Supplies and expense	<u>92,963</u>	<u>79,188</u>	<u>172,151</u>
Total Power Generation Expenses	<u>\$ 133,948</u>	<u>\$ 85,960</u>	219,908
Purchased power			<u>5,752,378</u>
TOTAL PRODUCTION EXPENSES			<u>5,972,286</u>
 TRANSMISSION SUPPLIES AND EXPENSE	 <u>\$ 17,397</u>	 <u>\$ 14,486</u>	 <u>31,883</u>
 DISTRIBUTION EXPENSES			
Supervision and labor	\$ 27,634	\$ -	27,634
Line and station expense	229,662	619,154	848,816
Street lighting and signal system	1,730	7,714	9,444
Meter expense	23,214	666	23,880
Customer installation	3,590	-	3,590
Miscellaneous distribution expenses	143,860	-	143,860
Rent	<u>34,971</u>	<u>-</u>	<u>34,971</u>
TOTAL DISTRIBUTION EXPENSES	<u>\$ 464,661</u>	<u>\$ 627,534</u>	<u>1,092,195</u>
 CUSTOMER ACCOUNTS EXPENSES			
Meter reading expense			96,790
Customer record and collection expense			207,827
Uncollectible accounts			37,218
Promotional expense			80
Miscellaneous expense			<u>3,497</u>
TOTAL CUSTOMER ACCOUNTS EXPENSES			<u>345,412</u>
 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries			153,792
Office supplies and expense			25,253
Outside services employed			345,275
Property insurance			49,505
Injuries and damages			45,164
Employee pension and benefits			443,338
Miscellaneous			<u>107,594</u>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES			<u>1,169,921</u>
 TOTAL OPERATION, MAINTENANCE AND GENERAL AND ADMINISTRATIVE EXPENSES			 <u>\$ 8,611,697</u>

