

**TOWN OF HARTFORD, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2009**

**TOWN OF HARTFORD, VERMONT**  
**AUDIT REPORT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2009**

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Assets Exhibit A

Statement of Activities Exhibit B

Fund Financial Statements:

Balance Sheet – Governmental Funds Exhibit C

Statement of Revenues, Expenditures and Changes in  
Fund Balances – Governmental Funds Exhibit D

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities Exhibit E

Statement of Net Assets – Proprietary Funds Exhibit F

Statement of Revenues, Expenses and Changes in Fund  
Net Assets – Proprietary Funds Exhibit G

Statement of Cash Flows – Proprietary Funds Exhibit H

Notes to Financial Statements

Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund  
Balances – Budget and Actual – Budgetary Basis – Unassigned General Fund Schedule 1

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances – General Fund Schedule 2

Combining Balance Sheet – Non-Major Governmental Funds Schedule 3

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances – Non-Major Governmental Funds Schedule 4

Combining Balance Sheet – Special Revenue Funds Schedule 5

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances – Special Revenue Funds Schedule 6

**TOWN OF HARTFORD, VERMONT**  
**AUDIT REPORT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2009**

Combining Balance Sheet – Capital Projects Funds	Schedule 7
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	Schedule 8
Combining Schedule of Net Assets – Water and Wastewater Funds	Schedule 9
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Water and Wastewater Funds	Schedule 10
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Outdoor Facilities Fund	Schedule 11
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Solid Waste Fund	Schedule 12
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Central Water Fund	Schedule 13
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Quechee Water Fund	Schedule 14
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Central Wastewater Fund	Schedule 15
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets – Quechee Wastewater Fund	Schedule 16
Combining Schedule of Cash Flows – Water and Wastewater Funds	Schedule 17
Schedule of Revenues and Expenses – Budget (Non-GAAP Budgetary Basis) and Actual – Outdoor Facilities Fund	Schedule 18
Schedule of Revenues and Expenses – Budget (Non-GAAP Budgetary Basis) and Actual – Solid Waste Fund	Schedule 19
Schedule of Revenues and Expenses – Budget (Non-GAAP Budgetary Basis) and Actual – Central Water Fund	Schedule 20
Schedule of Revenues and Expenses – Budget (Non-GAAP Budgetary Basis) and Actual – Quechee Water Fund	Schedule 21
Schedule of Revenues and Expenses – Budget (Non-GAAP Budgetary Basis) and Actual – Central Wastewater Fund	Schedule 22
Schedule of Revenues and Expenses – Budget (Non-GAAP Budgetary Basis) and Actual – Quechee Wastewater Fund	Schedule 23

**Sullivan, Powers & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL CORPORATION

77 Barre Street  
P.O. Box 947  
Montpelier, VT 05601  
802/223-2352  
802/223-3578 FAX

Fred Duplessis, CPA  
Richard J. Brigham, CPA  
Chad A. Hewitt, CPA  
Wendy C. Gilwee, CPA  
VT Lic. #92-000180

Independent Auditor's Report

To the Board of Selectmen  
Town of Hartford, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hartford, Vermont, as of and for the year ended June 30, 2009, which collectively comprise the Town of Hartford, Vermont's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Hartford, Vermont's management. Our responsibility is to express our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

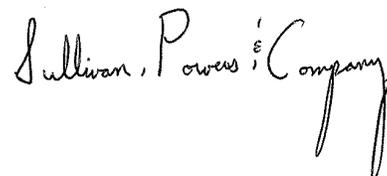
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hartford, Vermont, as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note V.G., the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The budgetary comparison for the General Fund and information included under Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the Town of Hartford, Vermont's basic financial statements. The combining and individual fund financial statements and schedules of revenues and expenses – budget (non-GAAP budgetary basis) and actual for proprietary fund types are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

January 22, 2010  
Montpelier, Vermont  
Vt Lic. #92-000180



## Management's Discussion and Analysis

As management of the Town of Hartford, we offer readers of the Town of Hartford's financial statements this narrative overview and analysis of the financial activities of the Town of Hartford for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

### Financial Highlights

- The assets of the Town of Hartford exceeded its liabilities at the close of the most recent fiscal year by \$37,934,924 (*net assets*). Of this amount, \$5,712,630 (*unrestricted net assets*) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.
- The Town's total net assets increased by \$98,671. Of this amount, net assets attributable to governmental activities increased by \$990,623, while net assets attributable to business-type activities decreased by \$9,952.
- As of the close of the current fiscal year, the Town of Hartford's governmental funds reported combined ending fund balances of \$4,523,221, an increase of \$939,584 in comparison with the prior year. Of this total amount, \$1,233,270 is *available for spending* at the government's discretion. Of this balance, \$31,811 represents negative fund balances for funds where revenues were received after June 30, 2009, and \$1,265,081 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,265,081, or 10.1 percent of unassigned general fund expenditures and operating transfers. The Town's fund balance policy requires that the Town maintain an unassigned general fund balance of 7.5 percent of regular expenditures and operating transfers, or \$942,010 as of the current fiscal year. In September, 2007, the Town changed their policy to require a 10% unassigned general fund balance, to be achieved over a three year period. Due to a changing economy and budgetary challenges, the Town anticipates utilizing a portion of the fund balance when preparing the budget for the year ending June 30, 2011.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Hartford's basic financial statements. The Town of Hartford's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Hartford that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Hartford include general government, public safety, public works, health and social services, recreation and parks, conservation and development, cultural, and public improvements. The business-type activities of the Town of Hartford include the municipal arena, solid waste, water and wastewater operations.

The government-wide financial statements are designed to include not only the Town of Hartford itself (known as the *primary government*), but also any legally separate entities for which the Town of Hartford is financially accountable (known as *component units*). The Town of Hartford has no such entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Hartford, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Hartford can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Hartford maintains fourteen individual governmental funds, including the General Fund, five Special Revenue Funds, six Capital Projects Funds, one Debt Service Fund, and one Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits C through E of this report.

**Proprietary funds.** The Town of Hartford maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Hartford uses enterprise funds to account for its Outdoor Facilities Fund, its Solid Waste Fund, its Water Fund, and its Wastewater Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste Fund, the Water Fund, and the Wastewater Fund, all of which are considered to be major funds of the Town of Hartford. Although not required, the Town of Hartford has elected to present separate information in the proprietary fund financial statements for the Outdoor Facilities Fund, which is considered to be a nonmajor proprietary fund.

The basic proprietary fund financial statements can be found in Exhibits F through H of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town of Hartford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Town has no fiduciary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

## Government-wide Financial Analysis

### TOWN OF HARTFORD, VERMONT'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 5,381,687	\$ 4,563,240	\$ 5,604,919	\$ 4,834,291	\$ 10,986,606	\$ 9,397,531
Capital assets	19,987,033	20,039,346	15,539,259	16,213,639	35,526,292	36,252,985
Total Assets	25,368,720	24,602,586	21,144,178	21,047,930	46,512,898	45,650,516
Long-term liabilities outstanding	2,627,330	2,857,709	3,695,426	3,976,904	6,322,756	6,834,613
Other liabilities	1,315,351	1,309,461	939,864	552,186	2,255,215	1,861,647
Total Liabilities	3,942,681	4,167,170	4,635,290	4,529,090	8,577,971	8,696,260
Net Assets						
Invested in capital assets, net of related debt	17,582,022	17,362,270	12,105,130	12,471,882	29,687,152	29,834,152
Restricted	1,541,239	1,646,522	993,906	1,029,260	2,535,145	2,675,782
Unrestricted	2,302,778	1,426,624	3,409,852	3,017,698	5,712,630	4,444,322
Total Net Assets	\$ 21,426,039	\$ 20,435,416	\$ 16,508,888	\$ 16,518,840	\$ 37,934,927	\$ 36,954,256

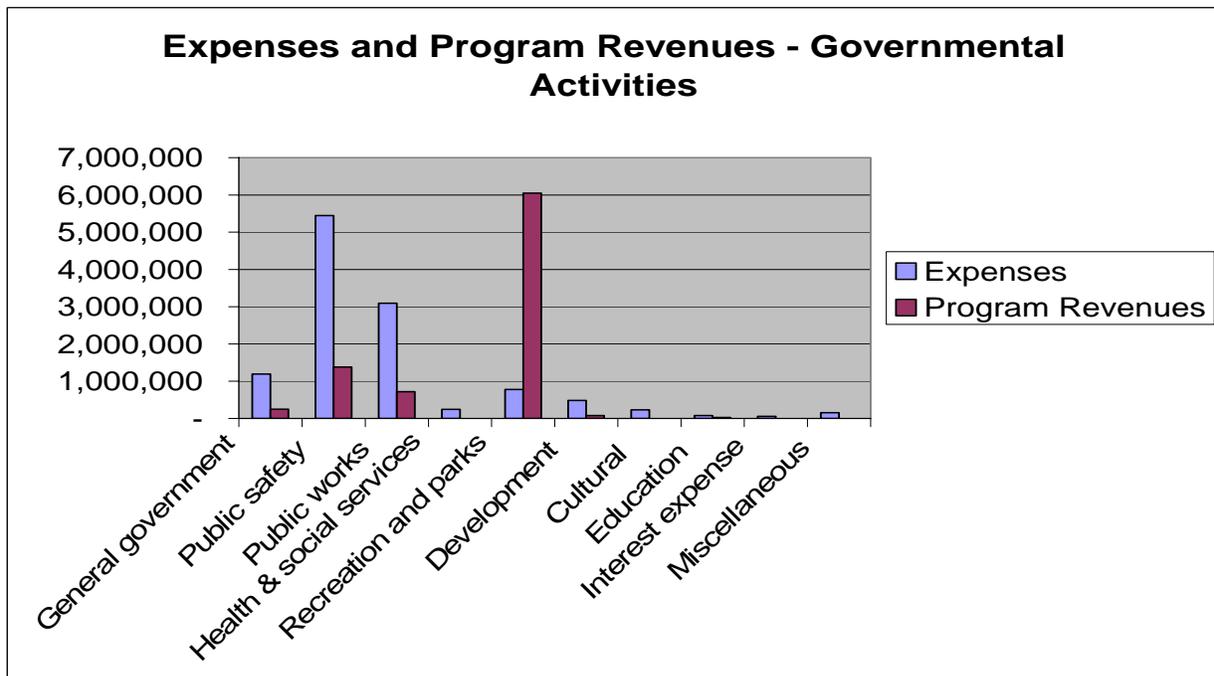
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hartford, assets exceeded liabilities by \$37,934,927 at the close of the most recent fiscal year.

By far the largest portion of the Town of Hartford's net assets (78%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Hartford uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the Town of Hartford's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Hartford's net assets (7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of *unrestricted net assets* (\$5,712,630) may be used to meet the government's ongoing obligations to citizens and creditors. Included in unrestricted net assets are amounts that management has assigned for particular purposes, such as capital reserve funds and reserves for expenditures in subsequent years.

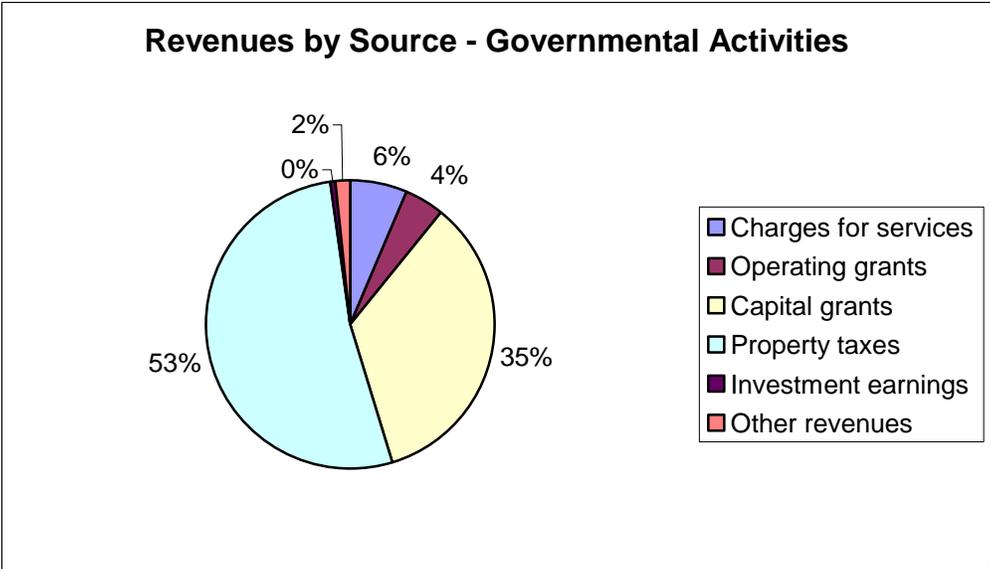
At the end of the current fiscal year, the Town of Hartford is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the Town of Hartford's net assets by \$990,623 during the current fiscal year. Investment in capital assets, net of related debt, increased as a result of current year depreciation expense that exceeded net additions to capital assets (\$52,313), and as a result of principal payments on long-term bonds, notes, and leases (\$272,065). Restricted net assets decreased by \$105,283, primarily as a result of decreases in amounts restricted for Impact Fee Funds (\$137,315). Unrestricted net assets increased by \$876,154, primarily as a result of general fund revenues exceeding expenditures due to unanticipated grant revenue (\$345,610) and unanticipated increases in charges for current services (\$318,721).



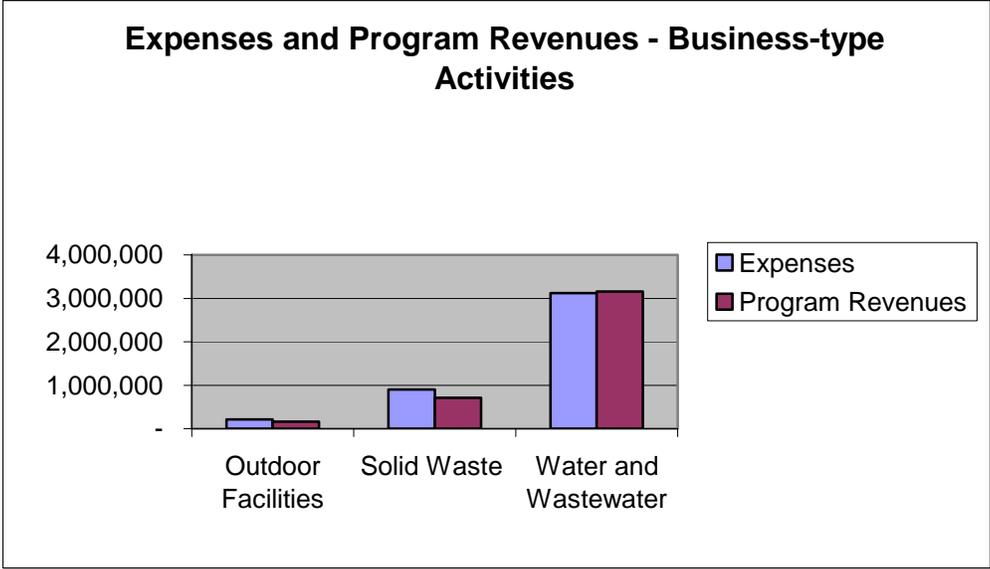
**TOWN OF HARTFORD, VERMONT'S CHANGES IN NET ASSETS**

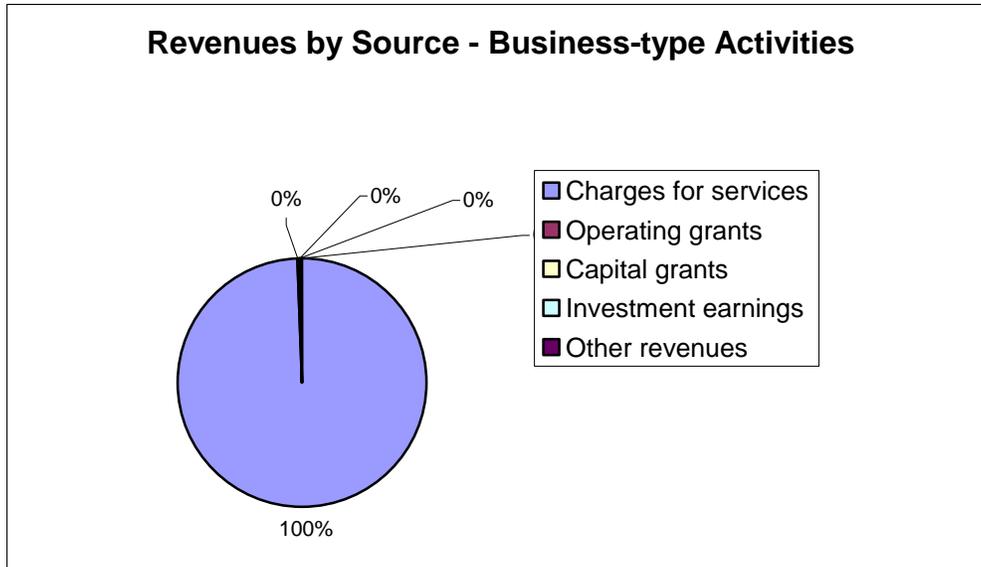
	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,195,776	\$ 800,068	\$ 4,023,159	\$ 4,216,085	\$ 5,218,935	\$ 5,016,153
Operating grants and contributions	820,848	654,827	4,883	4,749	825,731	659,576
Capital grants and contributions	573,494	74,374	-	-	573,494	74,374
<b>General revenues</b>						
Property taxes	9,891,968	9,411,796	-	-	9,891,968	9,411,796
Unrestricted investment earnings	57,667	161,563	16,062	61,281	73,729	222,844
Gain on sale of capital assets	45,745	8,817	-	-	45,745	8,817
Other revenues	291,412	327,838	-	12,667	291,412	340,505
<b>Total Revenues</b>	<b>12,876,910</b>	<b>11,439,283</b>	<b>4,044,104</b>	<b>4,294,782</b>	<b>16,921,014</b>	<b>15,734,065</b>
<b>Expenses</b>						
<b>Governmental activities</b>						
<b>General government</b>						
Administration	548,732	507,951	-	-	548,732	507,951
Elections and vital statistics	158,467	130,570	-	-	158,467	130,570
Finance	310,188	288,946	-	-	310,188	288,946
Valuation	177,864	193,496	-	-	177,864	193,496
<b>Public safety</b>						
Police	2,191,947	2,083,128	-	-	2,191,947	2,083,128
Fire and ambulance	2,612,919	2,565,664	-	-	2,612,919	2,565,664
Dispatch	640,237	455,059	-	-	640,237	455,059
<b>Public works</b>						
Highways	3,013,991	2,836,565	-	-	3,013,991	2,836,565
Public works administration	82,891	99,173	-	-	82,891	99,173
Health and social services	244,486	240,959	-	-	244,486	240,959
<b>Recreation and parks</b>						
Recreation administration	173,615	156,704	-	-	173,615	156,704
Recreation programs	261,911	275,363	-	-	261,911	275,363
Parks	282,185	308,696	-	-	282,185	308,696
Conservation and development	488,074	507,320	-	-	488,074	507,320
Cultural	231,460	221,705	-	-	231,460	221,705
Education	76,567	91,154	-	-	76,567	91,154
Interest on long-term debt	53,988	61,177	-	-	53,988	61,177
Miscellaneous	156,321	155,893	-	-	156,321	155,893
<b>Business-type activities</b>						
Outdoor facilities	-	-	215,349	190,741	215,349	190,741
Solid waste	-	-	900,911	839,806	900,911	839,806
Water and wastewater	-	-	3,118,240	3,213,116	3,118,240	3,213,116
<b>Total Expenses</b>	<b>11,705,843</b>	<b>11,179,523</b>	<b>4,234,500</b>	<b>4,243,663</b>	<b>15,940,343</b>	<b>15,423,186</b>
Change in net assets before transfers	1,171,067	259,760	(190,396)	51,119	980,671	310,879
Transfers	(180,444)	(433,284)	180,444	433,284	-	-
Change in net assets	990,623	(173,524)	(9,952)	484,403	980,671	310,879
Net assets - beginning of year	20,435,416	20,608,940	16,518,840	16,034,437	36,954,256	36,643,377
<b>Net assets - end of year</b>	<b>\$ 21,426,039</b>	<b>\$ 20,435,416</b>	<b>\$ 16,508,888</b>	<b>\$ 16,518,840</b>	<b>\$ 37,934,927</b>	<b>\$ 36,954,256</b>



**Business-type activities.** Business-type activities reduced the Town of Hartford’s net assets by \$9,952 during the current fiscal year. Key elements of this change are as follows:

- Charges for services decreased by 4.6 percent. Charges for services in the Outdoor Facilities Fund were down by 14.5% due to refrigeration problems at the start of the season. Charges for services in the Solid Waste Fund fell slightly, with a 5% increase in solid waste tipping fees being offset by a decrease in volume. A decrease in impact fee revenues was the primary reason for the decrease in revenues in the Water and Wastewater Funds.
- Operating expenses (before depreciation) remained level. Personal services increased by 6.1%, primarily due to the recording of OPEB liabilities with the implementation of GASB45 (\$99,205).
- Depreciation expense for business-type activities is \$1,001,179.





### Financial Analysis of the Government's Funds

As noted earlier, the Town of Hartford, Vermont, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town of Hartford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Hartford's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town of Hartford's governmental funds reported combined ending fund balances of \$4,523,221, an increase of \$939,584 in comparison to the prior year. Of this total amount, \$27,168 is non-spendable (permanent fund principal) and \$1,513,391 is restricted to indicate that it is not available for discretionary spending, because it is otherwise restricted by grant agreements, statutes, or bond covenants. Of the remaining amount, \$1,749,392 has been assigned by the Town for various purposes, and \$1,233,270 is unassigned and available for spending at the government's discretion.

The general fund is the chief operating fund of the Town of Hartford. At the end of the current fiscal year, unassigned fund balance was \$1,265,081, and assigned fund balance was \$1,697,531. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and operating transfers. Unassigned fund balance represents 10.1 percent of general fund expenditures and operating transfers, while total fund balance represents 23.6 percent of that same amount.

The fund balance of the Town of Hartford's general fund increased by \$1,039,832 during the current fiscal year. Key factors in this change are as follows:

- Funds totaling \$959,123 were added to assigned funds, while \$207,386 was spent from assigned funds.
- Unassigned revenues exceeded expenditures by \$285,113.

Special revenue funds consist primarily of community development funds (\$537,029) and impact fee funds (\$555,668). Use of community development funds is restricted by grant close-out agreements, and use of impact fee funds is restricted by the impact fee statute. Capital projects funds consist primarily of amounts to be used in the construction of the public works facility and stormwater runoff projects. Debt service funds consist of amounts restricted for payment of final balloon payments on interest-free loans from the state for construction of stormwater separation systems.

**Proprietary funds.** The Town of Hartford's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Outdoor Facilities Fund at the end of the year amounted to a deficit of \$61,571, those for the Solid Waste Fund amounted to \$269,439, those for the Water Fund amounted to \$1,771,834, and those for the Wastewater Fund amounted to \$1,430,150. Unrestricted net assets of the Solid Waste Fund, Water Fund, and Wastewater Fund increased during the fiscal year by \$30,637, \$271,912, and \$141,279 respectively, while the deficit in the Outdoor Facilities Fund increased by \$51,674. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Hartford's business-type activities.

### **General Fund Budgetary Highlights**

Differences between budgeted amounts and actual amounts can be briefly summarized as follows:

- Unanticipated grants for police activities (\$32,807) were received during the year; funding for the Community Restorative Justice Center was higher than anticipated due to higher expenses; funding for the White River Welcome Center included prior year funding that was received during the current fiscal year (\$45,000); and the highway department received state reimbursement during the year for unbudgeted repairs to Pomfret Road (\$216,632).
- Charges for current services for Town Clerk fees were less than anticipated (\$20,310) due to a decrease in real property recording; fire prevention revenues were less than anticipated (\$50,398) due to a decrease in the number and size of new construction projects being reviewed during the fiscal year; ambulance service revenues were more than anticipated due to the collection of Medicaid reimbursements that had been delayed in the previous year; and dispatching fees were more than estimated due to additional contracts with area towns for dispatching services (\$280,560).
- Interest income was less than budgeted amounts due to decreased rates.
- The fire department sold a vehicle and used the proceeds as partial funding for a new rescue vehicle (\$44,100).
- Vacant positions in the police department resulted in salaries and benefits below budget (\$96,345); vacant positions in the fire department resulted in salaries and benefits below budget (\$130,458); and an increase in contracts for dispatching services required additional staff that resulted in salaries and benefits above budgeted amounts (\$123,746).
- Unanticipated repairs to Pomfret Road resulted in an overexpenditure in contract services (\$227,309) (most of the cost of these repairs were reimbursed by the state); winter road conditions were better than usual, resulting in reduced winter maintenance expenses (\$76,551); and sidewalk construction was deferred so funds could be combined with FY 09-10 budgeted funds (\$179,283).
- Expenditures for downtown revitalization efforts were deferred to be combined with anticipated grant revenues (\$50,000).

### **Capital Asset and Debt Administration**

**Capital assets.** The Town of Hartford's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$29,687,152 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, roads and bridges, and water and wastewater distribution and collection systems. The investment in net assets increased by 1.3 percent for governmental activities, and decreased by 2.9 percent for business-type activities.

Major capital asset events during the current fiscal year included the following:

- A new building for the radio tower (\$27,032) and a parks pavilion at Kilowatt Park (\$46,603) were constructed.
- Two police cruisers (\$47,094), a fire rescue vehicle (\$368,934), highway equipment (\$216,621) and utility vehicles (\$37,160) were purchased during the year.,
- A variety of street construction projects were undertaken, including highway reconstruction at a cost of \$889,300.
- Design work on a set of roundabouts on Sykes Mountain Avenue (\$28,581) and a replacement for the underpass on Bridge Street (\$164,002) continued during the year, and construction was started on a Park and Ride in Wilder (\$52,931) and upgrades to water and wastewater systems (\$289,637).

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 734,476	\$ 734,476	\$ 414,158	\$ 414,158	\$ 1,148,634	\$ 1,148,634
Land improvements	659,419	685,636	113,029	119,631	772,448	805,267
Buildings and improvements	2,512,154	2,572,586	3,781,551	4,154,239	6,293,705	6,726,825
Vehicles and equipment	2,055,427	1,876,748	138,297	145,543	2,193,724	2,022,291
Roads, bridges and sidewalks	13,576,487	13,816,364	-	-	13,576,487	13,816,364
Distribution and collection systems	-	-	10,802,587	11,380,068	10,802,587	11,380,068
Construction in progress	449,070	353,536	289,637	-	738,707	353,536
<b>Total Assets</b>	<b>\$ 19,987,033</b>	<b>\$ 20,039,346</b>	<b>\$ 15,539,259</b>	<b>\$ 16,213,639</b>	<b>\$ 35,526,292</b>	<b>\$ 36,252,985</b>

Additional information on the Town of Hartford's net assets can be found in note IV.E. of the notes to financial statements.

**Long-term debt.** At the end of the current year, the Town of Hartford had total long-term debt outstanding of \$5,921,915. Of this amount, \$2,305,000 represents bonded debt backed by the full faith and credit of the Town, and \$3,616,915 represents revolving loans issued by the State of Vermont.

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Bonds payable	\$ 1,190,000	\$ 1,365,000	\$ 1,115,000	\$ 1,315,000	\$ 2,305,000	\$ 2,680,000
Revolving loans payable	1,215,011	1,312,076	2,401,904	2,509,063	3,616,915	3,821,139
<b>Totals</b>	<b>\$ 2,405,011</b>	<b>\$ 2,677,076</b>	<b>\$ 3,516,904</b>	<b>\$ 3,824,063</b>	<b>\$ 5,921,915</b>	<b>\$ 6,501,139</b>

The Town of Hartford's total debt decreased by \$579,224 during the year, reflecting the repayment of existing debt. No new debt was incurred during the fiscal year.

State statutes limit the amount of bonded debt any governmental entity may issue to 10 times its total assessed valuation. The current debt limit for the Town of Hartford is \$141,142,280, which is significantly in excess of the Town of Hartford's outstanding bonded debt.

Bonds are issued through the Vermont Municipal Bond Bank. The Town issues no bonded debt on its own behalf and does not maintain its own credit rating.

Additional information on the Town of Hartford's long-term debt can be found in note IV.H. of the notes to financial statements.

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

- The unemployment rate for the Town is currently 3.9 percent, up from 3.2 percent one year ago. This compares with a 6.4 percent rate state-wide, up from 5.5 percent statewide one year ago.
- The rate of increase in prices of health and dental insurance has grown faster than general inflationary trends.
- Assigned and designated funds at the end of June 30, 2009, amounted to \$3,117,746. These funds are available for appropriation to fund capital and equipment purchases in coming years. Included in this amount are funds for subsequent year expenditures in the amount of \$100,000. This amount is available for appropriation in future years to reduce the amount that is required to be raised by property taxes.

All of these factors were considered in preparing the Town of Hartford's budget for the 2010 fiscal year.

The Town of Hartford approved a general fund budget for fiscal year 2010 in the amount of \$12,479,672. This represents an increase of \$437,751 or 3.6 percent over the approved budget for the previous year. The Town will utilize \$291,500 in assigned capital funds and \$100,000 in assigned funds for subsequent year expenditures to pay for expenditures included in this budget. The use of these funds was intended to keep any increase in taxes raised to a minimum. The amount of capital reserve funds utilized was more than in the prior year. As a result, the amount collected in taxes increased by 4.6%, and the tax rate increased by 3.9%.

Rates for the Outdoor Facilities Fund increased by 15%, and rates for the Solid Waste Fund increased 5%. Rates for the Water Funds and Wastewater Funds were not increased.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Hartford, Vermont's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Hartford, 171 Bridge Street, White River Jct., VT 05001.

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b></p>
---

The Town of Hartford, Vermont, (the Town) was chartered on July 4, 1761. The Town operates under a Board of Selectmen-Town Manager form of government, and provides the following services: general administration, public safety (police, fire, and ambulance), streets, health and social services, culture and recreation, planning and zoning, community development, and public improvements. Other services include utility (solid waste, water and wastewater) operations.

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

The accounting policies adopted by the Town of Hartford conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

### **A. The Financial Reporting Entity**

This report includes all of the funds of the Town of Hartford, Vermont. The reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organizations governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. There are no agencies or entities that should be combined with the financial statements of the Town.

### **B. Basis of Presentation**

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town of Hartford include both *government-wide statements* and *fund financial statements*. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds; however, interfund services provided and used are not eliminated. These statements distinguish between the *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**B. Basis of Presentation (continued)**

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's various enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports on the following major governmental fund:

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

The Town reports on the following major enterprise funds:

Solid Waste Fund. This fund accounts for the activities of the Town's recycling center and transfer station for construction and demolition debris and municipal solid waste.

Water Fund. This fund accounts for the activities of the Town's water supply systems. Included in this fund are the central water system and the Quechee water system.

Wastewater Fund. This fund accounts for the activities of the Town's wastewater treatment plants and collection systems. Included in this fund are the central wastewater system and the Quechee wastewater system.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**B. Basis of Presentation (continued)**

The Town reports on the following nonmajor governmental fund types:

Special Revenue Funds. These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes other than debt service or capital projects. Included in these funds are Public Safety Funds, Recreation Funds, Community Development Funds, Library Fund, and Impact Fee Funds.

Capital Project Funds. These funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Funds. Included in this fund type is the Combined Sewer Overflow (CSO) Project Fund, the DPW Garage Fund, the Roundabout Fund, the Underpass Fund, the Park and Ride Fund, and the Maxfield Project Fund.

Debt Service Fund. This fund accounts for the annual payments of principal and interest on general long-term debt of the Town, and for the accumulation of resources for future debt service payments on general long-term debt of the Town.

Permanent Fund. This fund accounts for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that are for the benefit of the Town or its citizens. Included in this fund type is the Town Trust Fund.

The Town reports on the following non-major enterprise fund type:

Outdoor Facilities Fund. This fund accounts for the activities of the Town's municipal arena, which provides recreational opportunities for hockey players and skaters.

The Town has no fiduciary fund types.

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b></p>
---

**C. Basis of Accounting (continued)**

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, other postemployment benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues and charges for current services associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town’s policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

All governmental business-type activities and enterprise funds of the Town follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. As permitted under Statement of Governmental Accounting Standards No. 20, the Town has elected not to apply FASB Standards issued after November 30, 1989.

**D. Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net assets). Fund equity (i.e., net total assets) is segregated into investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balances (net current assets) are considered a measure of available spendable resources. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b></p>
---

**E. Use of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used by the Town are the estimated useful lives used to calculate depreciation of property, plant and equipment, the estimated costs of post closure monitoring of the landfill, and the estimated costs of other postemployment benefits.

**F. Assets, Liabilities and Equity**

**1. Cash**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

State Statute do not restrict the types of investments the Town can make. All investments require the authorization of the Board of Selectmen. Investments in the Permanent Fund (Town Trust Fund) are valued at fair value. The investments are registered securities held by the Town or by its agent in the Town's name.

In accordance with GASB 31, "Accounting and Financial Reporting for Certain Investments," investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

**3. Receivables**

Accounts receivable are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgement of management and a review of the current status of existing receivables.

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (for the current portion of the interfund loans) or "advances to/from other funds" (for the non-current portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds."

The Town is responsible for assessing and collecting its own property taxes, as well as taxes for the State for school purposes. Property taxes are assessed based on property valuations as of April 1 annually. Taxes are collected twice a year in August and February. During the tax year ended June 30, 2009, taxes became due and payable on August 15, 2008, and February 6, 2009. Taxes unpaid after the August due date are considered to be late, and are subject to monthly interest at 1%. Taxes unpaid after the February due date are delinquent, and are subject to an 8% penalty, and interest calculated at 1% per month for the first three months, and then 1.5% per month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale by the delinquent tax collector.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**3. Receivables (continued)**

The tax rate for 2009 is as follows:

	<u>Homestead</u>	<u>Non-residential</u>
Homestead education tax	\$ 1.2671	\$ -
Non-residential education tax	-	1.3862
Town general fund appropriations	0.6588	0.6588
Town restricted appropriations	0.0095	0.0095
Windsor County tax	0.0090	0.0090
Local agreement tax	<u>0.0015</u>	<u>0.0015</u>
 Total	 <u>\$ 1.9459</u>	 <u>\$ 2.0650</u>

The first installment of property taxes for the budget period from July 1, 2009, to June 30, 2010, is due and payable on August 14, 2009. As of June 30, 2009, the Town had collected \$58,820 of those taxes. This amount is shown as deferred revenue at June 30, 2009, and will be recorded as revenue in August, 2009. Also included in deferred revenue is \$35,090 in miscellaneous revenues applicable to future periods in the General Fund, and \$16,028 in deferred intergovernmental revenues applicable to future periods in Special Revenue Funds. The total amount of deferred revenue for governmental activities is \$109,938.

**4. Inventories**

The Town does not record inventories of supplies as these amounts are not material in relation to the Town's results of operations. Accordingly, expenditures related to inventories are reported in governmental funds when purchased.

**5. Restricted Assets**

Certain assets of the debt service fund are classified as restricted assets because agreements with Vermont Special Pollution Control Revolving Fund (for CSO loans) restrict the use of those funds to payment of debt service.

**6. Capital Assets**

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of any interest earned on the invested proceeds during the same period. Interest is not capitalized during the construction phase of capital assets used in governmental activities. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**6. Capital Assets (continued)**

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, using the straight line method of calculating depreciation. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land improvements	\$ 10,000	10-50 years
Buildings and building improvements	20,000	10-75 years
Vehicles and equipment	5,000	3-25 years
Roads, bridges, and sidewalks	20,000	20-75 years
Distribution and collection systems	20,000	20-75 years

Capital assets are not reported in the governmental fund type financial statements. Capital outlays in these funds are recorded as expenditures in the year they are paid.

**7. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick time. Unused vacation time must be used within the next succeeding fiscal year, and is paid to the employee upon termination of their employment if their term of employment has exceeded six months. The accrual for unused vacation time, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements, with the general fund being used to liquidate amounts recorded in the government-wide statements. Liability for unused vacation time is not reported in the governmental fund type financial statements unless they have matured. Payments for unused vacation time are recorded as expenditures in the year they are paid. No liability is reported for earned but unused sick time because it is not a vested benefit.

**8. Accrued Closure/postclosure Costs**

The Town operated a landfill for use by Town residents and various neighboring towns. The landfill ceased accepting solid waste as of December 31, 1992. Subsequently the Town operated a landfill for construction and demolition debris. Phase I of this landfill ceased accepting debris for disposal as of July 31, 1998, and was closed and capped during the fiscal year ended June 30, 2000. There are no plans to open Phase II of the landfill. Currently, the Town operates a transfer station for municipal solid waste, and a grinding facility and transfer station for construction and demolition debris.

State statutes require that the Town monitor the groundwater quality for thirty years after capping a landfill. Twenty years remain of the Town's obligation under the statutes. The Town's engineers estimated this liability at \$460,000. This liability has been recorded as an accrued expense as of June 30, 2009. A total of \$554,515 has been set aside to pay this accrued liability. The amounts are based on what it would cost to perform all postclosure care now. Actual costs may vary due to changes in the cost of living, changes in technology, changes in regulations, or variances between estimated and actual amounts.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**9. Other Postemployment Benefits**

The Town provides postemployment benefits for health insurance coverage for any employee who has attained age 55 and retires with a minimum of ten years of service (twenty years of service for employees hired after January 1, 1999). Other postemployment benefits are reported in the government-wide and proprietary fund financial statements. Governmental fund type financial statements do not include OPEB as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

**10. Long-term Liabilities**

Long-term liabilities include bonds and notes payable, and capital leases payable. Long-term liabilities also include other obligations such as the non-current portion of compensated absences and postemployment benefits. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund type financial statements do not include any long-term liabilities as those funds use the current financial resources measurement focus and only include current assets and liabilities on their balance sheets.

**11. Fund Equity**

Fund balances and retained earnings are classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net assets in government-wide and proprietary fund type financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Net assets of governmental fund type financial statements are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters at town meeting); assigned (reflecting the select board's intended use of the resources); and unassigned.

**II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

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

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

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

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

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b>
--

**A. Governmental Funds Balance Sheet and the Statement of Net Assets**

Detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net assets are as follows:

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses</u>	<u>Capital- Related Items</u>	<u>Long-term Debt Transactions</u>	<u>Statement of Net Assets Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,378,648	\$ -	\$ -	\$ -	\$ 4,378,648
Investments	7,859	-	-	-	7,859
Receivables					
Taxes receivable	209,839	(5,000)	-	-	204,839
Accounts receivable	483,024	(338,012)	-	-	145,012
Notes receivable	165,228	-	-	-	165,228
Due from other governments	81,863	-	-	-	81,863
Due from other funds	93,609	-	-	-	93,609
Restricted assets					
Cash and equivalents	304,629	-	-	-	304,629
Capital assets	<u>-</u>	<u>-</u>	<u>19,987,033</u>	<u>-</u>	<u>19,987,033</u>
 Total Assets	 <u>5,724,699</u>	 <u>(343,012)</u>	 <u>19,987,033</u>	 <u>-</u>	 <u>25,368,720</u>
<b>LIABILITIES</b>					
Accounts payable	242,527	-	-	-	242,527
Accrued payroll and benefits payable	322,785	-	-	-	322,785
Accrued compensated absences payable	-	299,251	-	-	299,251
Accrued interest payable	-	4,234	-	-	4,234
Deferred revenue	636,166	(526,228)	-	-	109,938
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,963,946</u>	<u>2,963,946</u>
 Total Liabilities	 <u>1,201,478</u>	 <u>(222,743)</u>	 <u>-</u>	 <u>2,963,946</u>	 <u>3,942,681</u>
<b>NET ASSETS</b>					
Invested in capital assets	-	-	19,987,033	(2,405,011)	17,582,022
Other	<u>4,523,221</u>	<u>(120,269)</u>	<u>-</u>	<u>(558,935)</u>	<u>3,844,017</u>
 Total Net Assets	 <u>\$ 4,523,221</u>	 <u>\$ (120,269)</u>	 <u>\$ 19,987,033</u>	 <u>\$ (2,963,946)</u>	 <u>\$ 21,426,039</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**B. Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities are as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Activities Total
<b>REVENUES</b>					
Taxes	\$ 9,673,118	\$ 6,360	\$ -	\$ -	\$ 9,679,478
Tax penalties and interest	212,490	-	-	-	212,490
Permits and licenses	19,816	-	-	-	19,816
Intergovernmental revenues	1,451,693	(57,352)	-	-	1,394,341
Charges for current services	1,243,867	(69,015)	-	-	1,174,852
Fines and forfeits	20,127	-	-	-	20,127
Impact fees	20,924	-	-	-	20,924
Interest	57,667	-	-	-	57,667
Contributions from developers	-	-	-	-	-
Other revenues	297,215	-	-	-	297,215
Other sources:					
Proceeds of bonded debt	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
<b>Total Revenues</b>	<u>12,996,917</u>	<u>(120,007)</u>	<u>-</u>	<u>-</u>	<u>12,876,910</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>General government</b>					
Administration	538,505	(3,009)	13,236	-	548,732
Elections and vital statistics	155,418	1,590	1,459	-	158,467
Finance	312,813	(9,476)	6,851	-	310,188
Valuation	173,619	1,935	2,310	-	177,864
<b>Public safety</b>					
Police	2,105,767	304	85,876	-	2,191,947
Fire and ambulance	2,349,708	23,349	239,862	-	2,612,919
Dispatch	569,103	18,923	52,211	-	640,237
<b>Public works</b>					
Highways	1,633,562	13,445	1,366,984	-	3,013,991
Public works administration	94,232	(14,042)	2,701	-	82,891
<b>Health and social services</b>					
Health and social services	229,893	-	14,593	-	244,486
<b>Recreation and parks</b>					
Recreation administration	167,548	6,067	66,463	-	240,078
Recreation programs	256,574	2,201	(2,904)	-	255,871
Parks	217,895	3,867	-	-	221,762
<b>Conservation and development</b>					
Cultural	483,980	4,094	-	-	488,074
Education	226,827	-	4,633	-	231,460
Other expenditures	76,567	-	-	-	76,567
Capital improvements	156,321	-	-	-	156,321
<b>Debt service</b>					
Principal	1,801,962	-	(1,801,962)	-	-
Interest	272,066	-	-	(272,066)	-
Other uses:	54,529	(541)	-	-	53,988
Transfers to other funds	180,444	-	-	-	180,444
<b>Total Expenditures</b>	<u>12,057,333</u>	<u>48,707</u>	<u>52,313</u>	<u>(272,066)</u>	<u>11,886,287</u>
<b>Net change for the year</b>	<u>\$ 939,584</u>	<u>\$ (168,714)</u>	<u>\$ (52,313)</u>	<u>\$ 272,066</u>	<u>\$ 990,623</u>

<p style="text-align: center;"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b></p>
---

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the General Fund. The General Fund budgetary basis of accounting utilizes generally accepted accounting principles plus assignments of fund balances. Budgets for the General Fund only include unassigned funds, and do not include activity for assigned funds or reserve funds. Special Revenue Funds and Capital Project Funds adopt project-length budgets instead of annual budgets. Budgets are not adopted for Debt Service Funds or Permanent Funds.

The budget calendar begins during October with the submission of departmental budget requests to the Town Manager so that budgets may be prepared. The proposed budgets are presented to the Board of Selectmen for their review at the beginning of December. The Board holds numerous public hearings on the proposed budget, and prepares a final budget by the end of January. Budgets for Proprietary Funds are then adopted by the Board, while the budget for the General Fund is presented to the voters for consideration at the annual Town Meeting in March.

The budget is prepared by fund, function and department. The Town's department heads may make adjustments to appropriations within their department, while adjustment between departments can only be made with the approval of the Town Manager and the Board of Selectmen. The legal level of budgetary control is at the department level. No formal amendments are made to the budgets that were previously adopted.

The Town includes in expenditures those amounts that are treated as transfers to assigned net assets, including both cash amounts transferred for future capital expenditures and those amounts that are intended to be assigned for future operating expenditures.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash**

At year end, the Town's carrying amount of deposits was \$9,728,605, and the bank balance was \$9,970,759. Of the bank balance, \$267,935, was covered by federal depository insurance. Of the remaining balance, \$9,702,834 was collateralized with securities held by the financial institution's agent in the Town's name, and none was unsecured and uncollateralized. Due to higher cash flows at certain times during the year, the amounts collateralized with securities held by the financial institution's agent in the Town's name were substantially higher than at year end.

**B. Investments**

Investments at June 30, 2009, consisted of 428,461 shares of Fidelity's Puritan Fund, which had a cost basis of \$9,779 and a fair value of \$7,859. Unrealized gains and losses, which are included in revenue, resulted in a decrease in value of \$2,726 for the year ended June 30, 2009.

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b>
--

**C. Accounts receivable**

Accounts receivable at year end, as reported in the statement of net assets, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business- Type Activities	Total
Ambulance accounts receivable (net of allowance of \$338,012)	\$ 82,988	\$ -	\$ 82,988
Miscellaneous receivables (net of allowance of \$0 [general] and \$0 [enterprise])	10,955	38,403	49,358
Impact fees receivable	49,467	25,591	75,058
Accrued interest receivable	1,602	-	1,602
User charges receivable (net of allowance of \$33,500)			
-Billed	-	323,772	323,772
-Unbilled	-	265,434	265,434
	<u>\$ 145,012</u>	<u>\$ 653,200</u>	<u>\$ 798,212</u>

**D. Notes Receivable**

Notes receivable at year end, including the applicable allowances for uncollectible amounts, are as follows:

Note receivable - Vermont Housing Enterprises (Colodny Building), varying interest rate of 1% - 3%, due November 21, 2011, secured by third mortgage	\$ 53,544
Notes receivable - various revolving loans, two loans outstanding, varying interest rates of 6.3% to 9.0%, various due dates, secured by business assets and personal guarantees. Of the two loans, neither are in arrears at June 30, 2009	108,139
Note receivable - White River Housing Associates, Inc., interest at 2.5%, monthly payments of \$299, due June 2, 2010, secured by mortgage	3,545
Notes receivable - Upper Valley Housing Associates, 0% interest, monthly payments of \$2,133 beginning January 1, 2034, thru December 1, 2059, secured by third mortgage	<u>640,000</u>
Total	805,228
Less allowance for doubtful accounts	(129,902)
Less loan discount	<u>(510,098)</u>
Net Notes Receivable	<u>\$ 165,228</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**E. Capital assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 734,476	\$ -	\$ -	\$ 734,476
Construction in progress	353,536	266,743	171,209	449,070
Total capital assets, not being depreciated	1,088,012	266,743	171,209	1,183,546
Capital assets, being depreciated:				
Land improvements	786,497	-	-	786,497
Buildings and building improvements	4,600,383	94,085	-	4,694,468
Vehicles and equipment	4,961,617	707,345	162,301	5,506,661
Roads, bridges and sidewalks	21,780,970	909,225	127,996	22,562,199
Totals	32,129,467	1,710,655	290,297	33,549,825
Less accumulated depreciation for:				
Land improvements	100,861	26,217	-	127,078
Buildings and building improvements	2,027,797	154,517	-	2,182,314
Vehicles and equipment	3,084,869	524,439	158,074	3,451,234
Roads, bridges and sidewalks	7,964,606	1,149,102	127,996	8,985,712
Totals	13,178,133	1,854,275	286,070	14,746,338
Total capital assets, being depreciated	18,951,334	(143,620)	4,227	18,803,487
Governmental activity capital assets, net	<u>\$ 20,039,346</u>	<u>\$ 123,123</u>	<u>\$ 175,436</u>	<u>\$ 19,987,033</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 414,158	\$ -	\$ -	\$ 414,158
Construction in progress	-	289,637	-	289,637
Total capital assets, not being depreciated	414,158	289,637	-	703,795
Capital assets, being depreciated:				
Land improvements	142,185	-	-	142,185
Buildings and building improvements	13,083,469	-	-	13,083,469
Vehicles and equipment	956,198	37,160	69,887	923,471
Distribution and collection systems	19,820,244	-	-	19,820,244
Totals	34,002,096	37,160	69,887	33,969,369
Less accumulated depreciation for:				
Land improvements	22,554	6,602	-	29,156
Buildings and building improvements	8,929,229	372,689	-	9,301,918
Vehicles and equipment	810,654	44,407	69,887	785,174
Distribution and collection systems	8,440,176	577,481	-	9,017,657
Totals	18,202,613	1,001,179	69,887	19,133,905
Total capital assets, being depreciated	15,799,483	(964,019)	-	14,835,464
Business-type activity capital assets, net	<u>\$ 16,213,641</u>	<u>\$ (674,382)</u>	<u>\$ -</u>	<u>\$ 15,539,259</u>

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b>
--

**E. Capital assets (continued)**

Depreciation was charged to programs as follows:

Governmental activities		
General government		
Administration	\$	13,236
Elections and vital statistics		1,459
Finance		6,851
Valuation		2,310
Public safety		
Police		85,876
Fire and ambulance		239,862
Dispatch		52,211
Public works		
Highways		1,366,984
Public works administration		2,701
Health and social services		14,593
Recreation and parks		
Recreation programs		3,136
Parks		60,423
Cultural		4,633
		<hr/>
Total depreciation expense	\$	<u>1,854,275</u>

**F. Interfund Balances and Activity**

Interfund balances represent advances between funds which are intended to be liquidated by the payable fund within the next fiscal year. Interfund transfers represent advances to other funds that are intended to be of a permanent nature.

The composition of interfund balances at June 30, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund - Unassigned	Outdoor Facilities Fund	\$ 93,150
	Quechee Water Fund	\$ 459
		<hr/>
TOTAL		<u>\$ 93,609</u>

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b>
--

**F. Interfund Balances and Activity (continued)**

Interfund transfers for the year ended June 30, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund - Unassigned	General Fund - Assigned	Addition to capital reserves	\$ 323,203
	General Fund - Assigned	Current year assignments	635,920
	Debt Service Fund	Bond payments and bond reserve fund	347,923
	Solid Waste Fund - Undesignated	Fund curbside recycling program	150,000
	Central Water Fund - Undesignated	Share of debt service	30,444
General Fund - Assigned	General Fund - Unassigned	Reimbursement from capital reserves	<u>151,557</u>
Total General Fund			<u>\$ 1,639,047</u>
Nonmajor Governmental Funds	General Fund - Unassigned	Reimb. from special revenue funds	\$ 92,657
	General Fund - Unassigned	Permanent fund earnings transfer	441
	Special Revenue Fund - Rehabilitation Loan Fund	Reallocation of loan repayments	<u>5,818</u>
Total Nonmajor Governmental Funds			<u>\$ 98,916</u>
Outdoor Facilities Fund - Undesignated	Outdoor Facilities Fund - Invest. in Capital Assets	Bond principal payment	<u>\$ 15,000</u>
Total Outdoor Facilities Fund			<u>\$ 15,000</u>
Solid Waste Fund - Designated	Solid Waste Fund - Undesignated	Reimbursement from closure reserve	<u>\$ 11,508</u>
Total Solid Waste Fund			<u>\$ 11,508</u>
Water Fund - Undesignated	Water Fund - Designated	Addition to capital reserves	\$ 163,800
	Water Fund - Invest. in Capital Assets	Asset additions	44,588
	Water Fund - Invest. in Capital Assets	Bond principal payment	<u>217,159</u>
Total Water Fund			<u>\$ 425,547</u>
Wastewater Fund - Undesignated	Wastewater Fund - Designated	Addition to capital reserves	\$ 107,000
	Wastewater Fund - Invest. in Capital Assets	Asset additions	282,210
	Wastewater Fund - Invest. in Capital Assets	Bond principal payment	75,000
Wastewater Fund - Impact Fee	Wastewater Fund - Undesignated	Reimbursement from impact fees	<u>33,196</u>
Total Wastewater Fund			<u>\$ 497,406</u>

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**G. Accrued Compensated Absences**

Changes in accrued compensated absences during the year were as follows:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 237,725	\$ 58,033	\$ 295,758
Additions	314,370	76,236	390,606
Reductions	(252,844)	(66,155)	(318,999)
Ending Balance	<u>\$ 299,251</u>	<u>\$ 68,114</u>	<u>\$ 367,365</u>
Due Within One Year	<u>\$ 299,251</u>	<u>\$ 68,114</u>	<u>\$ 367,365</u>

**H. Long-term Liabilities**

General Obligation Bonds. The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. Bonds are reported in governmental activities if the debt is expected to be repaid from general governmental revenues, and in business-type activities if the debt is expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as 15 to 20 year bonds. Bonds issued for general government activities generally are issued with equal amounts of principal maturing each year, and bonds issued for proprietary activities generally are issued with equal annual debt service amounts payable each year.

Revolving Loans. The State of Vermont offers a number of no-interest or low-interest revolving loan programs for towns to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Pollution Control Revolving Fund for two combined sewer overflow projects, and has borrowed money from the Vermont Environmental Protection Agency Local Assistance State Revolving Fund for the construction of an additional water well in Wilder.

General obligation bonds and revolving loans outstanding at June 30, 2009, are as follows:

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b>
--

**H. Long-term Liabilities (continued)**

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
<b>BONDS AND NOTES PAYABLE</b>		
<u>Governmental Activities - Bonds</u>		
Combined Sewer Overflow - #2	3.833% - 6.133%	35,000
DPW Building	1.87% - 4.73%	1,155,000
<u>Governmental Activities - Revolving Loans</u>		
Combined Sewer Overflow - #1	0%	203,784
Combined Sewer Overflow - #2	0%	<u>1,011,227</u>
Total General Long-term Debt		<u>2,405,011</u>
<u>Business-type Activities - Bonds</u>		
Outdoor facilities - refrigeration	3.7% - 5.25%	60,000
Water tower construction	6.6% - 7.9%	335,000
Water system improvements	2.8% - 4.98%	120,000
Wastewater system improvements	2.8% - 4.98%	600,000
<u>Business-type Activities - Revolving Loans</u>		
Wilder Well	1%	<u>2,401,904</u>
Total Enterprise Funds		<u>3,516,904</u>
TOTAL BONDS AND NOTES PAYABLE		<u>\$ 5,921,915</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**H. Long-term Liabilities (continued)**

Changes in all long-term liabilities (including bonds, notes, capital leases, other postemployment benefits, and accrued postclosure costs) during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable	\$ 1,365,000	\$ -	\$ 175,000	\$ 1,190,000	\$ 140,000
Revolving loans payable	1,312,076	-	97,065	1,215,011	97,066
Other postemployment benefits	<u>571,212</u>	<u>87,273</u>	<u>99,550</u>	<u>558,935</u>	<u>99,550</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 3,248,288</u>	<u>\$ 87,273</u>	<u>\$ 371,615</u>	<u>\$ 2,963,946</u>	<u>\$ 336,616</u>
<b>Business-type Activities</b>					
Bonds payable	\$ 1,315,000	\$ -	\$ 200,000	\$ 1,115,000	\$ 210,000
Revolving loans payable	2,509,063	-	107,159	2,401,904	110,374
Other postemployment benefits	-	136,516	37,310	99,206	37,310
Postclosure care costs	<u>483,000</u>	<u>-</u>	<u>23,000</u>	<u>460,000</u>	<u>23,000</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 4,307,063</u>	<u>\$ 136,516</u>	<u>\$ 367,469</u>	<u>\$ 4,076,110</u>	<u>\$ 380,684</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2009, including interest payments, are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 237,066	\$ 47,929	\$ 320,374	\$ 125,502
2011	202,066	43,139	328,685	110,430
2012	202,066	39,197	342,095	94,222
2013	202,066	35,039	225,608	81,646
2014	295,195	30,707	214,226	73,554
2015-2019	1,161,552	84,588	949,321	252,830
2020-2024	105,000	2,483	787,519	124,634
2024-2026	<u>-</u>	<u>-</u>	<u>349,076</u>	<u>15,786</u>
Total	<u>\$ 2,405,011</u>	<u>\$ 283,082</u>	<u>\$ 3,516,904</u>	<u>\$ 878,604</u>

<p><b>TOWN OF HARTFORD, VERMONT</b>  <b>NOTES TO FINANCIAL STATEMENTS</b>  <b>JUNE 30, 2009</b></p>
---

**H. Long-term Liabilities (continued)**

Postemployment benefits have been liquidated in prior years by the General Fund, Solid Waste Fund, Water Fund, and Wastewater Fund.

**I. Restricted, Assigned and Designated Net Assets**

Net assets are restricted or nonspendable as follows:

Governmental Activities	
Special Revenue Funds	
Police Program Fund - restricted by grant agreement	\$ 11,465
Engine 494 Fund - restricted by donor agreement	2,201
Trees Matter Fund - restricted by donor agreement	2,518
Dog Park Fund - restricted by donor agreement	4,147
NEPA Trees Grant - restricted by grant agreement	680
Glory Days Fund - restricted by donor agreement	2,598
CLG Grant Fund - restricted by grant agreement	38
Watershed Grant Fund - restricted by grant agreement	1,844
Wellborn Ecology Grant Fund - restricted by grant agreement	51
Quechee Gorge Visitor Center - restricted by grant agreement	43,426
Rehabilitation Loan Fund - restricted by grant agreement	103,832
Revolving Loan Fund - restricted by grant agreement	398,402
Fire/EMS Impact Fee Fund - restricted by statute	79,562
Recreation Impact Fee Fund - restricted by statute	82,993
Library Impact Fee Fund - restricted by statute	2,511
School Impact Fund - restricted by statute	<u>390,602</u>
 Total Special Revenue Funds	 <u>1,126,870</u>
 Capital Projects Fund	
CSO Fund - restricted by bond agreement	<u>82,572</u>
 Total Capital Projects Fund	 <u>82,572</u>
 Debt Service Fund	
CSO Bond Reserve Fund - restricted by bond agreement	<u>304,629</u>
 Total Debt Service Fund	 <u>304,629</u>
 Permanent Fund	
Town Trust Funds - restricted by Trust agreement	<u>27,168</u>
 Total Permanent Fund	 <u>27,168</u>
 Total Governmental Activities	 <u>1,541,239</u>
 Business-type Activities	
Central Water Impact Fee Fund - restricted by statute	222,357
Quechee Water Impact Fee Fund - restricted by statute	48,131
Central Wastewater Impact Fee Fund - restricted by statute	534,471
Quechee Wastewater Impact Fee Fund - restricted by statute	<u>188,947</u>
 Total Business-type Activities	 <u>993,906</u>
 Total Restricted Net Assets	 <u>\$ 2,535,145</u>

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b>
--

**I. Restricted, Assigned and Designated Net Assets (continued)**

Net assets in the following funds are assigned or designated as follows:

General Fund	
Assigned to Town Clerk record restoration	\$ 125,945
Assigned to Town office renovation	161,905
Assigned to accounting software	9,318
Assigned to Revaluation	50,006
Assigned to Police equipment purchases	52,872
Assigned to Fire/EMS equipment purchases	236,223
Assigned to communications center upgrade	230,243
Assigned to Highway capital expenditures	492,762
Assigned to Senior Center renovations	6,481
Assigned to Recreation expenses	57,694
Assigned to Skatepark expenses	7,842
Assigned to Conservation and Development expenditures	166,240
Assigned to subsequent year expenditures	<u>100,000</u>
Total General Fund	<u>1,697,531</u>
Capital Projects Funds	
DPW Garage Fund - assigned to capital expenditures	<u>51,861</u>
Total Capital Projects Funds	<u>51,861</u>
Enterprise Funds	
Solid Waste Capital Reserve Fund - designated for capital expenditures	3,163
Solid Waste Closure Reserve Fund - designated for postclosure expenditures	88,900
Solid Waste Equipment Reserve Fund - designated for equipment purchases	51,554
Central Water Capital Reserve Fund - designated for capital expenditures	479,673
Quechee Water Capital Reserve Fund - designated for capital expenditures	171,270
Central Wastewater Capital Reserve Fund - designated for capital expenditures	257,406
Quechee Wastewater Capital Reserve Fund - designated for capital expenditures	<u>316,388</u>
Total Enterprise Funds	<u>1,368,354</u>
Total Designated Net Assets	<u>\$ 3,117,746</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**V. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc., covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and rate-setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

In addition, the Town is a member of Vermont League of Cities and Towns Health Trust. The Health Trust is a non-profit corporation formed to provide health insurance and wellness programs for Vermont municipalities and is owned by the participating members. The agreement does not permit the Health Trust to make additional assessments to its members.

The Town has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. No liabilities have been accrued as the Town is not able to make an estimate as to any future costs. The Town paid \$18,321 in unemployment claims during the fiscal year ended June 30, 2009.

**B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the State of Vermont or the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**C. Commitments**

The State of Vermont Agency of Transportation (VAOT) began construction of roadway and utility improvements on Hartford Avenue at the end of June, 2007. The Town will be responsible for 20% of the cost of relocating underground water and wastewater lines, estimated to be approximately \$226,000. No costs for these improvements had been expended as of June 30, 2009. The Town will pay for these improvements from enterprise fund balances when the project is completed and the costs have been billed by the State.

On March 3, 2009, voters authorized the issuance of general obligation bonds in the amount of \$10,525,000 and \$8,100,000 for improvements to the Hartford Central and Quechee Wastewater systems. Bonds have been approved by the Vermont Municipal Bond Bank in the amount of \$9,175,524 for the Hartford Central system (after available discounts are applied), payable in annual installments of principal and interest at 3% over twenty years, beginning in 2013, and in the amount of \$691,350 for pumping station improvements in Hartford and Quechee (after available discounts are applied), payable in annual installments of principal and interest at 3% over twenty years, beginning in 2012. Bonds have not yet been approved for the Quechee system.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**C. Commitments (continued)**

On June 23, 2009, voters authorized the issuance of general obligation bonds in the amount of \$1,350,000 and \$212,000 for improvements to the Hartford Central and Quechee Water systems. Bonds have been approved by the Vermont Municipal Bond Bank in the amount of \$197,281 for the Hartford Central system (after available discounts are applied), payable in annual installments of principal and interest at 3% over five years, beginning in 2011. Bonds have been approved by the Vermont Municipal Bond Bank in the amount of \$75,798 for the Quechee system (after available discounts are applied), payable in annual installments of principal and interest at 3% over five years, beginning in 2011.

The Town is a participant in an Interlocal Contract made up of twenty-two towns in East-Central Vermont committed to making state-of-the-art high-speed communications services available to all institutions, homes and businesses in participating towns (East Central Vermont Community Fiber – ECF). The revenue generated from system users is intended to pay the costs of building, financing and operating the system so no cash outlay from member towns will be required. On October 21, 2008, the Town authorized ECF to issue certificates of participation (master lease) not to exceed \$106,000,000 for the purpose of making certain capital improvements for the delivery of communication services. The aggregate principal amount of the certificates of participation would be allocated to the town and the other participants based on their relative population. It is intended that the repayment of the certificates could only come from the revenues generated by the communications system. Due to significant changes in the capital markets, ECF does not currently intend to finance the project with the certificates of participation described previously. ECF is pursuing alternative financing that, in accordance with the Interlocal Contract, will not result in any potential liability to the Town.

**D. Deferred Compensation Plan**

The Town offers its employees a deferred compensation plan for employees through the International City Manager's Association (ICMA) Retirement Corporation in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under the plan. All of the investments are self-directed by each participant. Under generally accepted accounting principles and federal law, the investments are held in trust for the benefit of employees. Accordingly, the Town does not report these assets on their financial statements.

Employees who are members of the Hartford Career Firefighters' Association, the Hartford Police Chapter of AFSCME, and all non-union employees can elect to be covered by the State of Vermont Municipal Employees Retirement System (VMERS) Group C Plan, a defined benefit plan, or the VMERS Group DC Plan, a defined contribution plan. No employees have elected coverage under the VMERS Group DC Plan. Under the VMERS Group C Plan, employees are required to contribute 9% of their gross salary and the Town contributes 6%; however, under the agreement between the Town and the Firefighters' Association and Police Chapter, the Town actually contributes 7% and the employees contribute 8%, and for non-union employees, the Town actually contributes 8% and the employees contribute 7%.

The Town of Hartford pays all costs accrued each year for the plan. The premise of this plan is to provide a retirement plan covering municipal employees at a uniform state-wide contribution rate based upon an actuarial valuation of all State of Vermont municipal employees. Activity in this plan is done in the aggregate, not by municipality. Due to the nature of this pension plan, net assets available for benefits as well as present value of vested and nonvested plan benefits by municipality are not determinable. Covered payroll for this plan was \$3,145,548 and Town contributions for the year ended June 30, 2009 were \$228,385.

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2009</b>
--

**E. Defined Contribution Pension Plan**

The Town offers a 401(a) pension plan to full-time employees hired prior to April 1, 2007, who had not elected to change their plan to VMERS on that date. This plan is qualified by the Internal Revenue Service as a defined contribution pension plan for governmental organizations exempt from income tax. The plan requires a contribution of 8% of base salary per participant by the Town. The ICMA Retirement Corporation administers the plan. Covered payroll for this plan was \$2,247,074. Town contributions for the year ended June 30, 2009, were \$179,766.

**F. Flexible Benefits Plan**

The Town offers a Flexible Benefits Plan to all full time employees. The plan is authorized by the Internal Revenue Service under Internal Revenue Code Section 125. The plan allows employees to pay for health care expenses and dependent care expenses with pre-income tax and pre-social security tax dollars.

**G. Other Postemployment Benefits**

Beginning in fiscal year 2009, the Town is required to implement Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This new standard addresses how the Town should account for and report its costs related to postemployment health care benefits provided to eligible employees. Historically, the Town's benefits were reported on a pay-as-you-go basis. GASB Statement No. 45 requires that the Town recognize the cost of this benefit during the period of employees' active employment (while the benefits are being earned) and disclose the unfunded actuarial accrued liability in order to account for the total future of postemployment benefits and the financial impact on the Town.

The Town provides postemployment benefits for health insurance coverage for any employee who has attained age 55 and retires with a minimum of ten years of service (twenty years of service for employees hired after January 1, 1999). The Town pays for health insurance costs up to age 65 and then pays for any medicare supplemental policy, in accordance with the cost-sharing arrangements that exist for regular employees. The Town currently funds these benefits on a pay-as-you-go basis.

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The Town has elected not to pre-fund OPEB liabilities. The Town is required to record the annual required contribution, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year.

	Governmental Activities	Business-type Activities	Total
Annual Required Contributions	\$ 658,485	\$ 136,515	\$ 795,000
Contributions Made	99,550	37,310	136,860
Increase in Net OPEB Obligation	558,935	99,205	658,140
Net OPEB Obligation, Beginning of Year	-	-	-
Net OPEB Obligation, End of Year	\$ 558,935	\$ 99,205	\$ 658,140

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**G. Other Postemployment Benefits (continued)**

As of June 30, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$10,169,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,169,000.

Actuarial valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employers are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 3.0 percent investment rate of return (discount rate) and an annual healthcare cost trend rate of 8.0 percent initially (adjusted by minus 1.0 percent to reflect the implicit inflation assumption in the 3.0 percent discount rate), reduced by decrements to an ultimate rate of 5.0 percent by 2012. A thirty year amortization period is being used.

**H. Subsequent Events**

On November 9, 2009, the Town signed a purchase and sale agreement with the US Department of the Army to sell a portion of land owned by the Town known as the Maxfield Property. The sales price was \$1,731,000. From the proceeds, the Town will expend approximately \$1,300,000 to acquire necessary rights of way and provide access and parking on the property. The remaining funds will be used to develop athletic playing fields in accordance with the terms of the original donation of the property.

**I. Contributed Assets**

On February 2, 2009, the Town accepted a gift of land and a public pool facility from Atlas Ledge, LLC. The Town leases the facility for \$1 per year to the Sports Venue Foundation, who is responsible for the costs of managing, operating and maintaining the facility. A \$6 million endowment fund was established to cover any near-term operating shortfalls. The agreement amounts to a perpetual lease to SVF; therefore, the asset is not reflected in the governmental activities on the statement of net assets.

**TOWN OF HARTFORD, VERMONT**  
**GENERAL FUND - UNASSIGNED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 9,639,392	\$ 9,673,118	\$ 33,726
Tax penalties and interest	187,500	212,490	24,990
Permits and licenses	14,055	19,816	5,761
Intergovernmental revenues	761,228	1,106,838	345,610
Charges for services	925,146	1,243,867	318,721
Fines and forfeits	17,000	20,127	3,127
Interest	160,000	37,559	(122,441)
Other revenues	97,400	286,773	189,373
From undesignated fund balance	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<b>Total Revenues</b>	<u>11,901,721</u>	<u>12,700,588</u>	<u>798,867</u>
<b>EXPENDITURES</b>			
<b>Current expenditures</b>			
<b>General government</b>			
Administration	492,961	510,408	(17,447)
Elections and vital statistics	170,020	155,418	14,602
Finance	331,625	312,813	18,812
Valuation	180,651	173,619	7,032
<b>Public safety</b>			
Police	2,215,232	2,100,899	114,333
Fire and ambulance	2,453,545	2,349,708	103,837
Dispatch	436,826	569,103	(132,277)
<b>Public works</b>			
Highways	1,544,827	1,626,062	(81,235)
Public works administration	102,663	94,232	8,431
Health and social services	231,498	229,893	1,605
<b>Recreation and parks</b>			
Recreation administration	175,550	167,548	8,002
Recreation programs	274,569	256,574	17,995
Parks	187,289	208,931	(21,642)
Conservation and development	456,058	406,886	49,172
Cultural	230,478	226,827	3,651
Other expenditures	131,822	156,321	(24,499)
<b>Capital expenditures</b>			
<b>Public safety</b>			
Police	50,440	49,594	846
Fire and ambulance	382,000	388,040	(6,040)
Dispatch	-	32,557	(32,557)
<b>Public works</b>			
Highways	1,187,000	965,911	221,089
<b>Recreation and parks</b>			
Parks	<u>84,000</u>	<u>91,296</u>	<u>(7,296)</u>
<b>Total Expenditures</b>	<u>11,319,054</u>	<u>11,072,640</u>	<u>246,414</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	140,200	144,655	4,455
Transfers out	<u>(722,867)</u>	<u>(1,487,490)</u>	<u>(764,623)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(582,667)</u>	<u>(1,342,835)</u>	<u>(760,168)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 285,113</u>	<u>\$ 285,113</u>
<b>RECONCILIATION OF CHANGE IN FUND BALANCES - BUDGETARY BASIS</b>			
<b>TO CHANGE IN FUND BALANCES - GAAP BASIS</b>			
Change in Fund Balances - Budgetary Basis		\$ 285,113	
Transfer to Assigned Fund Balance		959,123	
Transfer from Assigned Fund Balance		(151,557)	
Expenditures from Assigned Fund Balance		(55,829)	
Assigned Fund Balance Interest Income		<u>2,982</u>	
<b>Change in Fund Balances - GAAP Basis</b>		<u>\$ 1,039,832</u>	

Expenditures and operating transfers exceeded appropriations by \$518,209. This overexpenditure was funded by unanticipated intergovernmental revenues, charges for services, and other income.

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Unassigned</u>	<u>Assigned</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 9,673,118	\$ -	\$ 9,673,118
Tax penalties and interest	212,490	-	212,490
Permits and licenses	19,816	-	19,816
Intergovernmental revenues	1,106,838	-	1,106,838
Charges for current services	1,243,867	-	1,243,867
Fines and forfeits	20,127	-	20,127
Interest	37,559	2,982	40,541
Other revenues	<u>286,773</u>	<u>-</u>	<u>286,773</u>
 Total Revenues	 <u>12,600,588</u>	 <u>2,982</u>	 <u>12,603,570</u>
<b>EXPENDITURES</b>			
Current expenditures			
General government			
Administration	510,408	26,003	536,411
Elections and vital statistics	155,418	-	155,418
Finance	312,813	-	312,813
Valuation	173,619	-	173,619
Public safety			
Police	2,100,899	2,500	2,103,399
Fire and ambulance	2,349,708	-	2,349,708
Dispatch	569,103	-	569,103
Public works			
Highways	1,626,062	7,500	1,633,562
Public works administration	94,232	-	94,232
Health and social services	229,893	-	229,893
Recreation and parks			
Recreation administration	167,548	-	167,548
Recreation programs	256,574	-	256,574
Parks	208,931	-	208,931
Conservation and development	406,886	19,826	426,712
Cultural	226,827	-	226,827
Other expenditures	156,321	-	156,321
Capital expenditures			
Public safety			
Police	49,594	-	49,594
Fire	388,040	-	388,040
Dispatch	32,557	-	32,557
Public works			
Highways	965,911	-	965,911
Recreation and parks			
Parks	<u>91,296</u>	<u>-</u>	<u>91,296</u>
 Total Expenditures	 <u>11,072,640</u>	 <u>55,829</u>	 <u>11,128,469</u>
 Excess (deficiency) of Revenues Over (Under) Expenditures	 <u>1,527,948</u>	 <u>(52,847)</u>	 <u>1,475,101</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	244,655	959,123	1,203,778
Transfers out	<u>(1,487,490)</u>	<u>(151,557)</u>	<u>(1,639,047)</u>
 Total Other Financing Sources (Uses)	 <u>(1,242,835)</u>	 <u>807,566</u>	 <u>(435,269)</u>
 Net Change in Fund Balances	 285,113	 754,719	 1,039,832
 Fund Balances - July 1, 2008	 <u>979,968</u>	 <u>942,812</u>	 <u>1,922,780</u>
 Fund Balances - June 30, 2009	 <u>\$ 1,265,081</u>	 <u>\$ 1,697,531</u>	 <u>\$ 2,962,612</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and equivalents	\$ 879,369	\$ 110,767	\$ -	\$ 17,935	\$ 1,008,071
Investments	-	-	-	7,859	7,859
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	51,069	-	-	-	51,069
Notes receivable	165,228	-	-	-	165,228
Due from other governments	11,180	36,657	-	-	47,837
Due from other funds	55,897	41,229	-	-	97,126
Restricted assets:					
Cash and equivalents	-	-	304,629	-	304,629
 Total Assets	 <u>\$ 1,162,743</u>	 <u>\$ 188,653</u>	 <u>\$ 304,629</u>	 <u>\$ 25,794</u>	 <u>\$ 1,681,819</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 10,720	\$ 53,881	\$ -	\$ -	\$ 64,601
Due to other funds	12,593	16,128	-	-	28,721
Deferred revenue	24,449	3,439	-	-	27,888
 Total Liabilities	 <u>47,762</u>	 <u>73,448</u>	 <u>-</u>	 <u>-</u>	 <u>121,210</u>
<b>Fund balances</b>					
Non-spendable					
Permanent fund principal	-	-	-	27,168	27,168
Restricted for					
Impact fees	555,668	-	-	-	555,668
Community development	547,593	-	-	-	547,593
Debt service	-	-	304,629	-	304,629
Other	22,929	82,572	-	-	105,501
Assigned to					
Public works	-	51,861	-	-	51,861
Unassigned	(11,209)	(19,228)	-	(1,374)	(31,811)
 Total Fund Balances	 <u>1,114,981</u>	 <u>115,205</u>	 <u>304,629</u>	 <u>25,794</u>	 <u>1,560,609</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,162,743</u>	 <u>\$ 188,653</u>	 <u>\$ 304,629</u>	 <u>\$ 25,794</u>	 <u>\$ 1,681,819</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-major Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenues	\$ 102,781	\$ 242,074	\$ -	\$ -	\$ 344,855
Impact fees	20,924	-	-	-	20,924
Interest	17,059	619	1,593	(2,145)	17,126
Other revenues	10,442	-	-	-	10,442
	<u>151,206</u>	<u>242,693</u>	<u>1,593</u>	<u>(2,145)</u>	<u>393,347</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current expenditures					
General government					
Administration	-	-	-	2,094	2,094
Public safety					
Police	2,368	-	-	-	2,368
Recreation and parks					
Parks	8,964	-	-	-	8,964
Conservation and development	57,268	-	-	-	57,268
Education	76,567	-	-	-	76,567
Debt service expenditures					
Principal	-	-	272,066	-	272,066
Interest	-	-	54,529	-	54,529
Capital expenditures					
Public safety					
Police	29,051	-	-	-	29,051
Public works					
Highways	-	245,513	-	-	245,513
	<u>174,218</u>	<u>245,513</u>	<u>326,595</u>	<u>2,094</u>	<u>748,420</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>(23,012)</u>	<u>(2,820)</u>	<u>(325,002)</u>	<u>(4,239)</u>	<u>(355,073)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	5,818	-	347,923	-	353,741
Transfers out	<u>(98,475)</u>	<u>-</u>	<u>-</u>	<u>(441)</u>	<u>(98,916)</u>
Total Other Financing Sources (Uses)	<u>(92,657)</u>	<u>-</u>	<u>347,923</u>	<u>(441)</u>	<u>254,825</u>
Net Change in Fund Balances	(115,669)	(2,820)	22,921	(4,680)	(100,248)
Fund Balances - July 1, 2008	<u>1,230,650</u>	<u>118,025</u>	<u>281,708</u>	<u>30,474</u>	<u>1,660,857</u>
Fund Balances - June 30, 2009	<u>\$ 1,114,981</u>	<u>\$ 115,205</u>	<u>\$ 304,629</u>	<u>\$ 25,794</u>	<u>\$ 1,560,609</u>

**TOWN OF HARTFORD, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	Public Safety Funds	Recreation Funds	Community Development Funds	Impact Fee Funds	Library Fund	Totals
<b>ASSETS</b>						
Cash and equivalents	\$ 11,465	\$ 12,778	\$ 357,345	\$ 497,781	\$ -	\$ 879,369
Receivables (net of allowances for uncollectible accounts)						
Accounts receivable	-	-	1,602	49,467	-	51,069
Notes receivable	-	-	165,228	-	-	165,228
Due from other governments	645	-	10,535	-	-	11,180
Due from other funds	-	-	46,477	8,420	1,000	55,897
	<u>-</u>	<u>-</u>	<u>46,477</u>	<u>8,420</u>	<u>1,000</u>	<u>55,897</u>
Total Assets	<u>\$ 12,110</u>	<u>\$ 12,778</u>	<u>\$ 581,187</u>	<u>\$ 555,668</u>	<u>\$ 1,000</u>	<u>\$ 1,162,743</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 215	\$ -	\$ 10,505	\$ -	\$ -	\$ 10,720
Due to other funds	430	561	11,602	-	-	12,593
Deferred revenues	645	753	22,051	-	1,000	24,449
	<u>645</u>	<u>753</u>	<u>22,051</u>	<u>-</u>	<u>1,000</u>	<u>24,449</u>
Total Liabilities	<u>1,290</u>	<u>1,314</u>	<u>44,158</u>	<u>-</u>	<u>1,000</u>	<u>47,762</u>
<b>Fund Balances</b>						
Restricted for						
Impact fees	-	-	-	555,668	-	555,668
Community development	-	-	547,593	-	-	547,593
Other	11,465	11,464	-	-	-	22,929
Unassigned	(645)	-	(10,564)	-	-	(11,209)
	<u>(645)</u>	<u>-</u>	<u>(10,564)</u>	<u>-</u>	<u>-</u>	<u>(11,209)</u>
Total Fund Balances	<u>10,820</u>	<u>11,464</u>	<u>537,029</u>	<u>555,668</u>	<u>-</u>	<u>1,114,981</u>
Total Liabilities and Fund Balances	<u>\$ 12,110</u>	<u>\$ 12,778</u>	<u>\$ 581,187</u>	<u>\$ 555,668</u>	<u>\$ 1,000</u>	<u>\$ 1,162,743</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Public Safety Funds	Recreation Funds	Community Development Funds	Impact Fee Funds	Total
<b>REVENUES</b>					
Intergovernmental revenues	\$ 44,220	\$ 500	\$ 58,061	\$ -	\$ 102,781
Impact fees	-	-	-	20,924	20,924
Interest income	64	48	13,780	3,167	17,059
Other revenues	-	10,382	60	-	10,442
	<u>44,284</u>	<u>10,930</u>	<u>71,901</u>	<u>24,091</u>	<u>151,206</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current expenditures					
Public safety - police	2,368	-	-	-	2,368
Recreation and parks	-	8,964	-	-	8,964
Conservation and development	-	500	56,768	-	57,268
Education	-	-	-	76,567	76,567
Capital expenditures					
Public safety - police	29,051	-	-	-	29,051
	<u>31,419</u>	<u>9,464</u>	<u>56,768</u>	<u>76,567</u>	<u>174,218</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	12,865	1,466	15,133	(52,476)	(23,012)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	5,818	-	5,818
Transfers out	(7,808)	(10)	(5,818)	(84,839)	(98,475)
	<u>(7,808)</u>	<u>(10)</u>	<u>-</u>	<u>(84,839)</u>	<u>(92,657)</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	5,057	1,456	15,133	(137,315)	(115,669)
Fund Balances - July 1, 2008	5,763	10,008	521,896	692,983	1,230,650
Fund Balances - June 30, 2009	<u>\$ 10,820</u>	<u>\$ 11,464</u>	<u>\$ 537,029</u>	<u>\$ 555,668</u>	<u>\$ 1,114,981</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2009**

	CSO Project Fund	DPW Garage Fund	Roundabout Fund	Underpass Fund	Maxfield Project Fund	Park & Ride Fund	Totals
<b>ASSETS</b>							
Cash and equivalents	\$ 82,572	\$ 28,195	\$ -	\$ -	\$ -	\$ -	\$ 110,767
Due from other governments	-	-	9,855	3,439	-	23,363	36,657
Due from other funds	-	23,666	-	-	-	17,563	41,229
<b>Total Assets</b>	<b>\$ 82,572</b>	<b>\$ 51,861</b>	<b>\$ 9,855</b>	<b>\$ 3,439</b>	<b>\$ -</b>	<b>\$ 40,926</b>	<b>\$ 188,653</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 9,534	\$ 3,421	\$ -	\$ 40,926	\$ 53,881
Due to other funds	-	-	321	18	15,789	-	16,128
Deferred revenues	-	-	-	3,439	-	-	3,439
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>9,855</b>	<b>6,878</b>	<b>15,789</b>	<b>40,926</b>	<b>73,448</b>
<b>Fund Balances</b>							
Restricted	82,572	-	-	-	-	-	82,572
Assigned	-	51,861	-	-	-	-	51,861
Unassigned	-	-	-	(3,439)	(15,789)	-	(19,228)
<b>Total Fund Balances</b>	<b>82,572</b>	<b>51,861</b>	<b>-</b>	<b>(3,439)</b>	<b>(15,789)</b>	<b>-</b>	<b>115,205</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 82,572</b>	<b>\$ 51,861</b>	<b>\$ 9,855</b>	<b>\$ 3,439</b>	<b>\$ -</b>	<b>\$ 40,926</b>	<b>\$ 188,653</b>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CSO Project Fund	DPW Garage Fund	Roundabout Fund	Underpass Fund	Maxfield Project Fund	Park & Ride Fund	Total
<b>REVENUES</b>							
Intergovernmental revenues	\$ -	\$ -	\$ 28,581	\$ 160,562	\$ -	\$ 52,931	\$ 242,074
Interest Income	461	158	-	-	-	-	619
Total Revenues	461	158	28,581	160,562	-	52,931	242,693
<b>EXPENDITURES</b>							
Capital expenditures							
Highway	-	-	28,581	164,001	-	52,931	245,513
Total Expenditures	-	-	28,581	164,001	-	52,931	245,513
Excess (Deficiency) of Revenues Over (Under) Expenditures	461	158	-	(3,439)	-	-	(2,820)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Net Change in Fund Balances	461	158	-	(3,439)	-	-	(2,820)
Fund Balances - July 1, 2008	82,111	51,703	-	-	(15,789)	-	118,025
Fund Balances - June 30, 2009	\$ 82,572	\$ 51,861	\$ -	\$ (3,439)	\$ (15,789)	\$ -	\$ 115,205

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF NET ASSETS**  
**WATER AND WASTEWATER FUNDS**  
**JUNE 30, 2009**

	Water Fund			Wastewater Fund		
	Central Water Fund	Quechee Water Fund	Total Water Fund	Central Wastewater Fund	Quechee Wastewater Fund	Total Wastewater Fund
<b>ASSETS</b>						
Current Assets						
Cash and cash equivalents	\$ 1,501,073	\$ 420,618	\$ 1,921,691	\$ 1,323,705	\$ 985,969	\$ 2,309,674
Accounts receivable (net of allowance for uncollectible accounts)	176,169	59,108	235,277	227,314	147,920	375,234
Due from other funds	-	-	-	26,625	-	26,625
<b>Total Current Assets</b>	<b>1,677,242</b>	<b>479,726</b>	<b>2,156,968</b>	<b>1,577,644</b>	<b>1,133,889</b>	<b>2,711,533</b>
Noncurrent Assets						
Capital assets						
Land and land improvements	20,000	14,000	34,000	171,158	74,000	245,158
Buildings and building improvements	276,160	4,000	280,160	7,412,840	2,801,732	10,214,572
Vehicles and equipment	141,655	69,148	210,803	205,093	89,759	294,852
Distribution and collection systems	6,654,652	2,095,601	8,750,253	2,958,574	8,111,417	11,069,991
Construction in progress	24,212	1,545	25,757	146,166	117,714	263,880
Less accumulated depreciation	(3,257,482)	(759,428)	(4,016,910)	(8,482,799)	(4,444,299)	(12,927,098)
<b>Total Noncurrent Assets</b>	<b>3,859,197</b>	<b>1,424,866</b>	<b>5,284,063</b>	<b>2,411,032</b>	<b>6,750,323</b>	<b>9,161,355</b>
<b>Total Assets</b>	<b>5,536,439</b>	<b>1,904,592</b>	<b>7,441,031</b>	<b>3,988,676</b>	<b>7,884,212</b>	<b>11,872,888</b>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	28,781	4,468	33,249	162,424	165,163	327,587
Accrued payroll and benefits payable	11,393	6,605	17,998	18,644	11,721	30,365
Accrued compensated absences payable	19,980	8,388	28,368	19,198	14,175	33,373
Accrued interest payable	7,877	456	8,333	-	2,282	2,282
Due to other funds	-	459	459	26,625	-	26,625
Other post employment benefits - current portion	13,190	2,322	15,512	11,612	2,323	13,935
Bonds and notes payable - current portion	215,374	15,000	230,374	-	75,000	75,000
<b>Total Current Liabilities</b>	<b>296,595</b>	<b>37,698</b>	<b>334,293</b>	<b>238,503</b>	<b>270,664</b>	<b>509,167</b>
Noncurrent Liabilities						
Other post employment benefits	5,745	5,439	11,184	20,681	19,886	40,567
Bonds and notes payable	2,521,530	105,000	2,626,530	-	525,000	525,000
<b>Total Noncurrent Liabilities</b>	<b>2,527,275</b>	<b>110,439</b>	<b>2,637,714</b>	<b>20,681</b>	<b>544,886</b>	<b>565,567</b>
<b>Total Liabilities</b>	<b>2,823,870</b>	<b>148,137</b>	<b>2,972,007</b>	<b>259,184</b>	<b>815,550</b>	<b>1,074,734</b>
<b>NET ASSETS</b>						
Investment in capital assets, net of related debt	1,122,293	1,304,409	2,426,702	2,411,032	6,233,554	8,644,586
Restricted	222,357	48,131	270,488	534,471	188,947	723,418
Unrestricted	1,367,919	403,915	1,771,834	783,989	646,161	1,430,150
<b>Total Net Assets</b>	<b>\$ 2,712,569</b>	<b>\$ 1,756,455</b>	<b>\$ 4,469,024</b>	<b>\$ 3,729,492</b>	<b>\$ 7,068,662</b>	<b>\$ 10,798,154</b>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**WATER AND WASTEWATER FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Water Fund			Wastewater Fund		
	Central Water Fund	Quechee Water Fund	Total Water Fund	Central Wastewater Fund	Quechee Wastewater Fund	Total Wastewater Fund
<b>OPERATING REVENUES</b>						
Charges for services	\$ 974,971	\$ 333,336	\$ 1,308,307	\$ 1,141,479	\$ 718,427	\$ 1,859,906
Rents and other income	(769)	(1,518)	(2,287)	(4,626)	(660)	(5,286)
<b>Total Operating Revenues</b>	<u>974,202</u>	<u>331,818</u>	<u>1,306,020</u>	<u>1,136,853</u>	<u>717,767</u>	<u>1,854,620</u>
<b>OPERATING EXPENSES</b>						
Personal services	346,935	109,135	456,070	458,562	270,779	729,341
Administration expenses	17,088	5,318	22,406	11,267	13,739	25,006
Utilities	74,361	28,598	102,959	182,157	59,063	241,220
Contract services	15,074	5,047	20,121	91,394	80,339	171,733
Equipment operation	11,489	3,591	15,080	25,221	13,735	38,956
Repairs and maintenance	23,945	5,931	29,876	53,666	9,491	63,157
Materials and supplies	35,160	3,447	38,607	47,022	22,122	69,144
Insurance expense	8,248	1,986	10,234	16,597	3,986	20,583
Small equipment	2,983	2,455	5,438	4,662	4,415	9,077
Depreciation	200,815	81,721	282,536	187,789	442,687	630,476
<b>Total Operating Expenses</b>	<u>736,098</u>	<u>247,229</u>	<u>983,327</u>	<u>1,078,337</u>	<u>920,356</u>	<u>1,998,693</u>
Operating Income (Loss)	<u>238,104</u>	<u>84,589</u>	<u>322,693</u>	<u>58,516</u>	<u>(202,589)</u>	<u>(144,073)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	3,188	1,005	4,193	4,045	3,170	7,215
Interest expense	(101,269)	(5,825)	(107,094)	-	(29,126)	(29,126)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(98,081)</u>	<u>(4,820)</u>	<u>(102,901)</u>	<u>4,045</u>	<u>(25,956)</u>	<u>(21,911)</u>
Income (Loss) Before Transfers	<u>140,023</u>	<u>79,769</u>	<u>219,792</u>	<u>62,561</u>	<u>(228,545)</u>	<u>(165,984)</u>
<b>TRANSFERS</b>						
Transfers in	387,031	68,960	455,991	266,250	231,156	497,406
Transfers out	(356,587)	(68,960)	(425,547)	(266,250)	(231,156)	(497,406)
<b>Total Transfers</b>	<u>30,444</u>	<u>-</u>	<u>30,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>170,467</u>	<u>79,769</u>	<u>250,236</u>	<u>62,561</u>	<u>(228,545)</u>	<u>(165,984)</u>
Total Net Assets - July 1, 2008	<u>2,542,102</u>	<u>1,676,686</u>	<u>4,218,788</u>	<u>3,666,931</u>	<u>7,297,207</u>	<u>10,964,138</u>
Total Net Assets - June 30, 2009	<u>\$ 2,712,569</u>	<u>\$ 1,756,455</u>	<u>\$ 4,469,024</u>	<u>\$ 3,729,492</u>	<u>\$ 7,068,662</u>	<u>\$ 10,798,154</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**OUTDOOR FACILITIES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Operating Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 149,524	\$ -	\$ -	\$ 149,524
Rents and other income	8,371	-	-	8,371
	<u>157,895</u>	<u>-</u>	<u>-</u>	<u>157,895</u>
<b>OPERATING EXPENSES</b>				
Personal services	89,202	-	-	89,202
Administration services	848	-	-	848
Utilities	48,520	-	-	48,520
Contract services	33,522	-	-	33,522
Equipment operation	8,097	-	-	8,097
Materials and supplies	6,716	-	-	6,716
Insurance expense	4,957	-	-	4,957
Depreciation	-	-	20,605	20,605
	<u>191,862</u>	<u>-</u>	<u>20,605</u>	<u>212,467</u>
Operating Income (Loss)	<u>(33,967)</u>	<u>-</u>	<u>(20,605)</u>	<u>(54,572)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	-	175	-	175
Interest expense	(2,882)	-	-	(2,882)
	<u>(2,882)</u>	<u>175</u>	<u>-</u>	<u>(2,707)</u>
Income (Loss) Before Transfers	<u>(36,849)</u>	<u>175</u>	<u>(20,605)</u>	<u>(57,279)</u>
<b>TRANSFERS</b>				
Transfers in	-	-	15,000	15,000
Transfers out	(15,000)	-	-	(15,000)
	<u>(15,000)</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
Change in Net Assets	(51,849)	175	(5,605)	(57,279)
Total Net Assets - July 1, 2008	<u>(40,962)</u>	<u>31,065</u>	<u>73,495</u>	<u>63,598</u>
Total Net Assets - June 30, 2009	<u>\$ (92,811)</u>	<u>\$ 31,240</u>	<u>\$ 67,890</u>	<u>\$ 6,319</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**SOLID WASTE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Operating Fund	Equipment Reserve Fund	Closure Reserve Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>						
Charges for services	\$ 610,624	\$ -	\$ -	\$ -	\$ -	\$ 610,624
Rents and other income	94,000	-	-	-	-	94,000
<b>Total Operating Revenues</b>	<b>704,624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>704,624</b>
<b>OPERATING EXPENSES</b>						
Personal services	307,917	-	-	-	-	307,917
Administration expenses	4,485	-	-	-	-	4,485
Utilities	14,137	-	-	-	-	14,137
Contract services	459,154	-	-	-	-	459,154
Postclosure care costs	11,508	-	(23,000)	-	-	(11,492)
Franchise tax	8,403	-	-	-	-	8,403
Waste generation fee	9,136	-	-	-	-	9,136
Equipment operation	8,009	-	-	-	-	8,009
Repairs and maintenance	12,192	-	-	-	-	12,192
Materials and supplies	6,270	-	-	-	-	6,270
Insurance expense	4,290	-	-	-	-	4,290
Small equipment	10,848	-	-	-	-	10,848
Depreciation	-	-	-	-	67,562	67,562
<b>Total Operating Expenses</b>	<b>856,349</b>	<b>-</b>	<b>(23,000)</b>	<b>-</b>	<b>67,562</b>	<b>900,911</b>
Operating Income (Loss)	(151,725)	-	23,000	-	(67,562)	(196,287)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues	4,883	-	-	-	-	4,883
Interest income	-	313	4,148	18	-	4,479
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,883</b>	<b>313</b>	<b>4,148</b>	<b>18</b>	<b>-</b>	<b>9,362</b>
Income (Loss) Before Transfers	(146,842)	313	27,148	18	(67,562)	(186,925)
<b>TRANSFERS</b>						
Transfers in	161,508	-	-	-	-	161,508
Transfers out	-	-	(11,508)	-	-	(11,508)
<b>Total Transfers</b>	<b>161,508</b>	<b>-</b>	<b>(11,508)</b>	<b>-</b>	<b>-</b>	<b>150,000</b>
Change in Net Assets	14,666	313	15,640	18	(67,562)	(36,925)
Total Net Assets - July 1, 2008	111,156	51,241	73,260	3,145	1,033,514	1,272,316
Total Net Assets - June 30, 2009	\$ 125,822	\$ 51,554	\$ 88,900	\$ 3,163	\$ 965,952	\$ 1,235,391

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**CENTRAL WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 974,971	\$ -	\$ -	\$ -	\$ 974,971
Rents and other income	-	(769)	-	-	(769)
<b>Total Operating Revenues</b>	<b>974,971</b>	<b>(769)</b>	<b>-</b>	<b>-</b>	<b>974,202</b>
<b>OPERATING EXPENSES</b>					
Personal services	346,935	-	-	-	346,935
Administration expenses	17,088	-	-	-	17,088
Utilities	74,361	-	-	-	74,361
Contract services	15,074	-	-	-	15,074
Equipment operation	11,489	-	-	-	11,489
Repairs and maintenance	23,945	-	-	-	23,945
Materials and supplies	35,160	-	-	-	35,160
Insurance expense	8,248	-	-	-	8,248
Small equipment	2,983	-	-	-	2,983
Depreciation	-	-	-	200,815	200,815
<b>Total Operating Expenses</b>	<b>535,283</b>	<b>-</b>	<b>-</b>	<b>200,815</b>	<b>736,098</b>
Operating Income (Loss)	439,688	(769)	-	(200,815)	238,104
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	-	1,130	2,058	-	3,188
Interest expense	(101,269)	-	-	-	(101,269)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(101,269)</b>	<b>1,130</b>	<b>2,058</b>	<b>-</b>	<b>(98,081)</b>
Income (Loss) Before Transfers	338,419	361	2,058	(200,815)	140,023
<b>TRANSFERS</b>					
Transfers in	30,444	-	120,800	235,787	387,031
Transfers out	(356,587)	-	-	-	(356,587)
<b>Total Transfers</b>	<b>(326,143)</b>	<b>-</b>	<b>120,800</b>	<b>235,787</b>	<b>30,444</b>
Change in Net Assets	12,276	361	122,858	34,972	170,467
Total Net Assets - July 1, 2008	875,970	221,996	356,815	1,087,321	2,542,102
Total Net Assets - June 30, 2009	\$ 888,246	\$ 222,357	\$ 479,673	\$ 1,122,293	\$ 2,712,569

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**QUECHEE WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 333,336	\$ -	\$ -	\$ -	\$ 333,336
Rents and other income	<u>-</u>	<u>(1,518)</u>	<u>-</u>	<u>-</u>	<u>(1,518)</u>
Total Operating Revenues	<u>333,336</u>	<u>(1,518)</u>	<u>-</u>	<u>-</u>	<u>331,818</u>
<b>OPERATING EXPENSES</b>					
Personal services	109,135	-	-	-	109,135
Administration expenses	5,318	-	-	-	5,318
Utilities	28,598	-	-	-	28,598
Contract services	5,047	-	-	-	5,047
Equipment operation	3,591	-	-	-	3,591
Repairs and maintenance	5,931	-	-	-	5,931
Materials and supplies	3,447	-	-	-	3,447
Insurance expense	1,986	-	-	-	1,986
Small equipment	2,455	-	-	-	2,455
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,721</u>	<u>81,721</u>
Total Operating Expenses	<u>165,508</u>	<u>-</u>	<u>-</u>	<u>81,721</u>	<u>247,229</u>
Operating Income (Loss)	<u>167,828</u>	<u>(1,518)</u>	<u>-</u>	<u>(81,721)</u>	<u>84,589</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest revenue	-	265	735	5	1,005
Interest expense	<u>(5,825)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,825)</u>
Total Nonoperating Revenues (Expenses)	<u>(5,825)</u>	<u>265</u>	<u>735</u>	<u>5</u>	<u>(4,820)</u>
Income (Loss) Before Transfers	<u>162,003</u>	<u>(1,253)</u>	<u>735</u>	<u>(81,716)</u>	<u>79,769</u>
<b>TRANSFERS</b>					
Transfers in	-	-	43,000	25,960	68,960
Transfers out	<u>(68,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,960)</u>
Total Transfers	<u>(68,960)</u>	<u>-</u>	<u>43,000</u>	<u>25,960</u>	<u>-</u>
Change in Net Assets	93,043	(1,253)	43,735	(55,756)	79,769
Total Net Assets - July 1, 2008	<u>139,602</u>	<u>49,384</u>	<u>127,535</u>	<u>1,360,165</u>	<u>1,676,686</u>
Total Net Assets - June 30, 2009	<u>\$ 232,645</u>	<u>\$ 48,131</u>	<u>\$ 171,270</u>	<u>\$ 1,304,409</u>	<u>\$ 1,756,455</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**CENTRAL WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,141,479	\$ -	\$ -	\$ -	\$ 1,141,479
Rents and other income	-	(4,626)	-	-	(4,626)
<b>Total Operating Revenues</b>	<b>1,141,479</b>	<b>(4,626)</b>	<b>-</b>	<b>-</b>	<b>1,136,853</b>
<b>OPERATING EXPENSES</b>					
Personal services	458,562	-	-	-	458,562
Administration expenses	11,267	-	-	-	11,267
Utilities	182,157	-	-	-	182,157
Contract services	91,394	-	-	-	91,394
Equipment operation	25,221	-	-	-	25,221
Repairs and maintenance	53,666	-	-	-	53,666
Materials and supplies	47,022	-	-	-	47,022
Insurance expense	16,597	-	-	-	16,597
Small equipment	4,662	-	-	-	4,662
Depreciation	-	-	-	187,789	187,789
<b>Total Operating Expenses</b>	<b>890,548</b>	<b>-</b>	<b>-</b>	<b>187,789</b>	<b>1,078,337</b>
Operating Income (Loss)	250,931	(4,626)	-	(187,789)	58,516
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	-	2,977	1,068	-	4,045
Interest expense	-	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>2,977</b>	<b>1,068</b>	<b>-</b>	<b>4,045</b>
Income (Loss) Before Transfers	250,931	(1,649)	1,068	(187,789)	62,561
<b>TRANSFERS</b>					
Transfers in	29,754	-	72,000	164,496	266,250
Transfers out	(236,496)	(29,754)	-	-	(266,250)
<b>Total Transfers</b>	<b>(206,742)</b>	<b>(29,754)</b>	<b>72,000</b>	<b>164,496</b>	<b>-</b>
Change in Net Assets	44,189	(31,403)	73,068	(23,293)	62,561
Total Net Assets - July 1, 2008	482,394	565,874	184,338	2,434,325	3,666,931
Total Net Assets - June 30, 2009	\$ 526,583	\$ 534,471	\$ 257,406	\$ 2,411,032	\$ 3,729,492

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**QUECHEE WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 718,427	\$ -	\$ -	\$ -	\$ 718,427
Rents and other income	-	(660)	-	-	(660)
<b>Total Operating Revenues</b>	<b>718,427</b>	<b>(660)</b>	<b>-</b>	<b>-</b>	<b>717,767</b>
<b>OPERATING EXPENSES</b>					
Personal services	270,779	-	-	-	270,779
Administration expenses	13,739	-	-	-	13,739
Utilities	59,063	-	-	-	59,063
Contract services	80,339	-	-	-	80,339
Equipment operation	13,735	-	-	-	13,735
Repairs and maintenance	9,491	-	-	-	9,491
Materials and supplies	22,122	-	-	-	22,122
Insurance expense	3,986	-	-	-	3,986
Small equipment	4,415	-	-	-	4,415
Depreciation	-	-	-	442,687	442,687
<b>Total Operating Expenses</b>	<b>477,669</b>	<b>-</b>	<b>-</b>	<b>442,687</b>	<b>920,356</b>
<b>Operating Income (Loss)</b>	<b>240,758</b>	<b>(660)</b>	<b>-</b>	<b>(442,687)</b>	<b>(202,589)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest revenue	-	1,043	1,662	465	3,170
Interest expense	(29,126)	-	-	-	(29,126)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(29,126)</b>	<b>1,043</b>	<b>1,662</b>	<b>465</b>	<b>(25,956)</b>
<b>Income (Loss) Before Transfers</b>	<b>211,632</b>	<b>383</b>	<b>1,662</b>	<b>(442,222)</b>	<b>(228,545)</b>
<b>TRANSFERS</b>					
Transfers in	3,442	-	35,000	192,714	231,156
Transfers out	(227,714)	(3,442)	-	-	(231,156)
<b>Total Transfers</b>	<b>(224,272)</b>	<b>(3,442)</b>	<b>35,000</b>	<b>192,714</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(12,640)</b>	<b>(3,059)</b>	<b>36,662</b>	<b>(249,508)</b>	<b>(228,545)</b>
<b>Total Net Assets - July 1, 2008</b>	<b>342,413</b>	<b>192,006</b>	<b>279,726</b>	<b>6,483,062</b>	<b>7,297,207</b>
<b>Total Net Assets - June 30, 2009</b>	<b>\$ 329,773</b>	<b>\$ 188,947</b>	<b>\$ 316,388</b>	<b>\$ 6,233,554</b>	<b>\$ 7,068,662</b>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**WATER AND WASTEWATER FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Water Fund			Wastewater Fund		
	Central Water Fund	Quechee Water Fund	Total Water Fund	Central Wastewater Fund	Quechee Wastewater Fund	Total Wastewater Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers and users	\$ 1,004,439	\$ 332,075	\$ 1,336,514	\$ 1,201,535	\$ 721,354	\$ 1,922,889
Cash paid to employees	(324,769)	(98,644)	(423,413)	(424,331)	(244,365)	(668,696)
Cash paid to suppliers	(167,425)	(55,819)	(223,244)	(278,505)	(65,436)	(343,941)
Net cash provided (used) by operating activities	<u>512,245</u>	<u>177,612</u>	<u>689,857</u>	<u>498,699</u>	<u>411,553</u>	<u>910,252</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	30,444	-	30,444	-	-	-
Transfers to other funds	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>30,444</u>	<u>-</u>	<u>30,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Principal payments - bonds and notes	(202,159)	(15,000)	(217,159)	-	(75,000)	(75,000)
Interest paid	(102,046)	(5,876)	(107,922)	-	(29,379)	(29,379)
Purchase of capital assets	(33,628)	(10,960)	(44,588)	(164,496)	(117,714)	(282,210)
Net cash provided (used) by capital and related financing activities	<u>(337,833)</u>	<u>(31,836)</u>	<u>(369,669)</u>	<u>(164,496)</u>	<u>(222,093)</u>	<u>(386,589)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	3,188	1,005	4,193	4,045	3,170	7,215
Net cash provided (used) by investing activities	<u>3,188</u>	<u>1,005</u>	<u>4,193</u>	<u>4,045</u>	<u>3,170</u>	<u>7,215</u>
Net increase (decrease) in cash and equivalents	208,044	146,781	354,825	338,248	192,630	530,878
Cash and equivalents - July 1, 2008	<u>1,293,029</u>	<u>273,837</u>	<u>1,566,866</u>	<u>985,457</u>	<u>793,339</u>	<u>1,778,796</u>
Cash and equivalents - June 30, 2009	<u>\$ 1,501,073</u>	<u>\$ 420,618</u>	<u>\$ 1,921,691</u>	<u>\$ 1,323,705</u>	<u>\$ 985,969</u>	<u>\$ 2,309,674</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>						
Operating income	\$ 238,104	\$ 84,589	\$ 322,693	\$ 58,516	\$ (202,589)	\$ (144,073)
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation	200,815	81,721	282,536	187,789	442,687	630,476
(Increase) decrease in accounts receivable	30,237	257	30,494	64,682	3,587	68,269
Increase (decrease) in accounts payable	20,923	554	21,477	153,481	141,454	294,935
Increase (decrease) in accrued expenses	22,166	10,491	32,657	34,231	26,414	60,645
Total adjustments	<u>274,141</u>	<u>93,023</u>	<u>367,164</u>	<u>440,183</u>	<u>614,142</u>	<u>1,054,325</u>
Net cash provided (used) by operating activities	<u>\$ 512,245</u>	<u>\$ 177,612</u>	<u>\$ 689,857</u>	<u>\$ 498,699</u>	<u>\$ 411,553</u>	<u>\$ 910,252</u>

**TOWN OF HARTFORD, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OUTDOOR FACILITIES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 220,770	\$ 149,524	\$ (71,246)
Rents and other income	3,750	8,371	4,621
Total Operating Revenues	224,520	157,895	(66,625)
<b>OPERATING EXPENSES</b>			
Personal services	84,195	89,202	(5,007)
Administration services	-	848	(848)
Utilities	42,200	48,520	(6,320)
Contract services	8,900	33,522	(24,622)
Equipment operation	2,650	8,097	(5,447)
Materials and supplies	3,500	6,716	(3,216)
Insurance expense	5,378	4,957	421
Small equipment	600	-	600
Debt service	18,469	17,882	587
Capital reserve	50,000	-	50,000
Capital outlay	-	-	-
Total Operating Expenses	215,892	209,744	6,148
Change in Net Assets	\$ 8,628	\$ (51,849)	\$ (60,477)

**RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS**  
**TO CHANGE IN NET ASSETS - GAAP BASIS**

Change in Net Assets - Budgetary Basis	\$ (51,849)
Depreciation Expense	(20,585)
Principal Payments on Bonds and Leases	15,000
Interest Income	175
Change in Net Assets - GAAP Basis	\$ (57,259)

**TOWN OF HARTFORD, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**SOLID WASTE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 666,637	\$ 610,624	\$ (56,013)
Rents and other income	279,350	260,391	(18,959)
Total Operating Revenues	945,987	871,015	(74,972)
<b>OPERATING EXPENSES</b>			
Personal services	302,146	307,917	(5,771)
Administration expenses	7,050	4,485	2,565
Utilities	15,925	14,137	1,788
Contract services	490,092	459,154	30,938
Postclosure care costs	24,000	11,508	12,492
Franchise tax	10,000	8,403	1,597
Waste generation fee	10,075	9,136	939
Equipment operation	17,500	8,009	9,491
Repairs and maintenance	10,500	12,192	(1,692)
Materials and supplies	6,300	6,270	30
Insurance expense	4,617	4,290	327
Small equipment	2,300	10,848	(8,548)
Capital outlay	33,000	-	33,000
Total Operating Expenses	933,505	856,349	77,156
Change in Net Assets	\$ 12,482	\$ 14,666	\$ 2,184

**RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS**  
**TO CHANGE IN NET ASSETS - GAAP BASIS**

Change in Net Assets - Budgetary Basis	\$ 14,666
Depreciation Expense	(67,562)
Purchase of Capital Assets	-
Landfill Closure Costs	23,000
Transfers to/(from) Closure Reserve Fund	(11,508)
Interest Income	4,479
Change in Net Assets - GAAP Basis	\$ (36,925)

**TOWN OF HARTFORD, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**CENTRAL WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 959,275	\$ 974,971	\$ 15,696
Rents and other income	192,444	30,444	(162,000)
Total Operating Revenues	1,151,719	1,005,415	(146,304)
<b>OPERATING EXPENSES</b>			
Personal services	326,361	346,935	(20,574)
Administration expenses	19,300	17,088	2,212
Utilities	79,235	74,361	4,874
Contract services	34,600	15,074	19,526
Equipment operation	11,300	11,489	(189)
Repairs and maintenance	22,300	23,945	(1,645)
Materials and supplies	36,200	35,160	1,040
Insurance expense	8,441	8,248	193
Small equipment	4,650	2,983	1,667
Debt service	304,205	303,428	777
Capital reserve	120,800	120,800	-
Capital outlay	175,250	33,628	141,622
Total Operating Expenses	1,142,642	993,139	149,503
Change in Net Assets	\$ 9,077	\$ 12,276	\$ 3,199

**RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS**  
**TO CHANGE IN NET ASSETS - GAAP BASIS**

Change in Net Assets - Budgetary Basis	\$ 12,276
Depreciation Expense	(200,815)
Purchase of Capital Assets	33,628
Principal Payments on Bonds and Leases	202,159
Transfers to/(from) Impact Fee Funds	-
Transfers to/(from) Capital Reserve Funds	120,800
Transfers to/(from) Investment in Capital Assets	-
Developer contributions	-
Impact Fee Income	(769)
Interest Income	3,188
Change in Net Assets - GAAP Basis	\$ 170,467

**TOWN OF HARTFORD, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**QUECHEE WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 309,003	\$ 333,336	\$ 24,333
Rents and other	-	-	-
Total Operating Revenues	309,003	333,336	24,333
<b>OPERATING EXPENSES</b>			
Personal services	142,516	109,135	33,381
Administration expenses	5,050	5,318	(268)
Utilities	34,624	28,598	6,026
Contract services	4,100	5,047	(947)
Equipment operation	4,400	3,591	809
Repairs and maintenance	24,300	5,931	18,369
Materials and supplies	4,125	3,447	678
Insurance expense	2,190	1,986	204
Small equipment	3,900	2,455	1,445
Debt service	20,876	20,825	51
Capital reserve	43,000	43,000	-
Capital outlay	13,250	10,960	2,290
Total Operating Expenses	302,331	240,293	62,038
Change in Net Assets	\$ 6,672	\$ 93,043	\$ 86,371

**RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS**  
**TO CHANGE IN NET ASSETS - GAAP BASIS**

Change in Net Assets - Budgetary Basis	\$ 93,043
Depreciation Expense	(81,721)
Purchase of Capital Assets	10,960
Principal Payments on Bonds and Leases	15,000
Transfers to/(from) Capital Reserve Funds	43,000
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	(1,518)
Interest Income	1,005
Change in Net Assets - GAAP Basis	\$ 79,769

**TOWN OF HARTFORD, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**CENTRAL WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,165,706	\$ 1,141,479	\$ (24,227)
Rents and other income	-	29,754	29,754
	1,165,706	1,171,233	5,527
<b>OPERATING EXPENSES</b>			
Personal services	526,650	458,562	68,088
Administration expenses	10,555	11,267	(712)
Utilities	182,950	182,157	793
Contract services	134,100	91,394	42,706
Equipment operation	54,250	25,221	29,029
Repairs and maintenance	59,300	53,666	5,634
Materials and supplies	42,100	47,022	(4,922)
Insurance expense	18,435	16,597	1,838
Small equipment	4,400	4,662	(262)
Capital reserve	72,000	72,000	-
Capital outlay	58,200	164,496	(106,296)
	1,162,940	1,127,044	35,896
Change in Net Assets	\$ 2,766	\$ 44,189	\$ 41,423

**RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS**  
**TO CHANGE IN NET ASSETS - GAAP BASIS**

Change in Net Assets - Budgetary Basis	\$ 44,189
Depreciation Expense	(187,789)
Purchase of Capital Assets	164,496
Transfers to/(from) Capital Reserve Funds	72,000
Transfers to/(from) Impact Fee Funds	(29,754)
Impact Fee Income	(4,626)
Interest Income	4,045
Change in Net Assets - GAAP Basis	\$ 62,561

**TOWN OF HARTFORD, VERMONT**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**QUECHEE WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 682,803	\$ 718,427	\$ 35,624
Rents and other income	182,000	3,442	(178,558)
Total Operating Revenues	864,803	721,869	(142,934)
<b>OPERATING EXPENSES</b>			
Personal services	278,813	270,779	8,034
Administration expenses	16,535	13,739	2,796
Utilities	55,375	59,063	(3,688)
Contract services	103,000	80,339	22,661
Equipment operation	23,600	13,735	9,865
Repairs and maintenance	19,600	9,491	10,109
Materials and supplies	27,800	22,122	5,678
Insurance expense	4,193	3,986	207
Small equipment	6,000	4,415	1,585
Debt service	104,379	104,126	253
Capital reserve	35,000	35,000	-
Capital outlay	182,000	117,714	64,286
Total Operating Expenses	856,295	734,509	121,786
Change in Net Assets	\$ 8,508	\$ (12,640)	\$ (21,148)

**RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS**  
**TO CHANGE IN NET ASSETS - GAAP BASIS**

Change in Net Assets - Budgetary Basis	\$ (12,640)
Depreciation Expense	(442,687)
Purchase of Capital Assets	117,714
Principal Payments on Bonds and Leases	75,000
Transfers to/(from) Capital Reserve Funds	35,000
Transfers to/(from) Impact Fee Funds	(3,442)
Impact Fee Income	(660)
Interest Income	3,170
Change in Net Assets - GAAP Basis	\$ (228,545)