

**TOWN OF HARTFORD, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2010**

**TOWN OF HARTFORD, VERMONT**  
**AUDIT REPORT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2010**

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 – Non-Major Special Revenue Funds Schedule 5

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

**TOWN OF HARTFORD, VERMONT**  
**AUDIT REPORT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2010**

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

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Independent Auditor's Report

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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, 2010, 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, 2010, 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.

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.

February 18, 2011  
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, 2010. 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 \$44,355,223 (*net assets*). Of this amount, \$4,312,694 (*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 \$6,420,296. Of this amount, net assets attributable to governmental activities increased by \$2,678,619, and net assets attributable to business-type activities increased by \$3,741,677.
- As of the close of the current fiscal year, the Town of Hartford's governmental funds reported combined ending fund balances of \$5,273,068, an increase of \$749,849 in comparison with the prior year. Of this total amount, \$1,466,491 is *available for spending* at the government's discretion. Of this balance, \$68,976 represents negative fund balances for funds where revenues were received after June 30, 2010, and \$1,535,467 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,535,467, or 11.2 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 10.0 percent of regular expenditures and operating transfers, or \$1,375,204 as of the current fiscal year. 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, 2012.

### 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 7,004,834	\$ 5,381,687	\$ 4,243,847	\$ 5,604,919	\$ 11,248,681	\$ 10,986,606
Capital assets	<u>21,246,435</u>	<u>19,987,033</u>	<u>22,581,185</u>	<u>15,539,259</u>	<u>43,827,620</u>	<u>35,526,292</u>
Total Assets	<u>28,251,269</u>	<u>25,368,720</u>	<u>26,825,032</u>	<u>21,144,178</u>	<u>55,076,301</u>	<u>46,512,898</u>
Long-term liabilities outstanding	2,982,996	2,627,330	3,458,164	3,695,426	6,441,160	6,322,756
Other liabilities	<u>1,163,617</u>	<u>1,315,351</u>	<u>3,116,301</u>	<u>939,864</u>	<u>4,279,918</u>	<u>2,255,215</u>
Total Liabilities	<u>4,146,613</u>	<u>3,942,681</u>	<u>6,574,465</u>	<u>4,635,290</u>	<u>10,721,078</u>	<u>8,577,971</u>
Net Assets						
Invested in capital assets, net of related debt	19,078,490	17,582,022	17,960,732	12,105,130	37,039,222	29,687,152
Restricted	1,985,344	1,541,239	1,017,963	993,906	3,003,307	2,535,145
Unrestricted	<u>3,040,822</u>	<u>2,302,778</u>	<u>1,271,872</u>	<u>3,409,852</u>	<u>4,312,694</u>	<u>5,712,630</u>
Total Net Assets	<u>\$ 24,104,656</u>	<u>\$ 21,426,039</u>	<u>\$ 20,250,567</u>	<u>\$ 16,508,888</u>	<u>\$ 44,355,223</u>	<u>\$ 37,934,927</u>

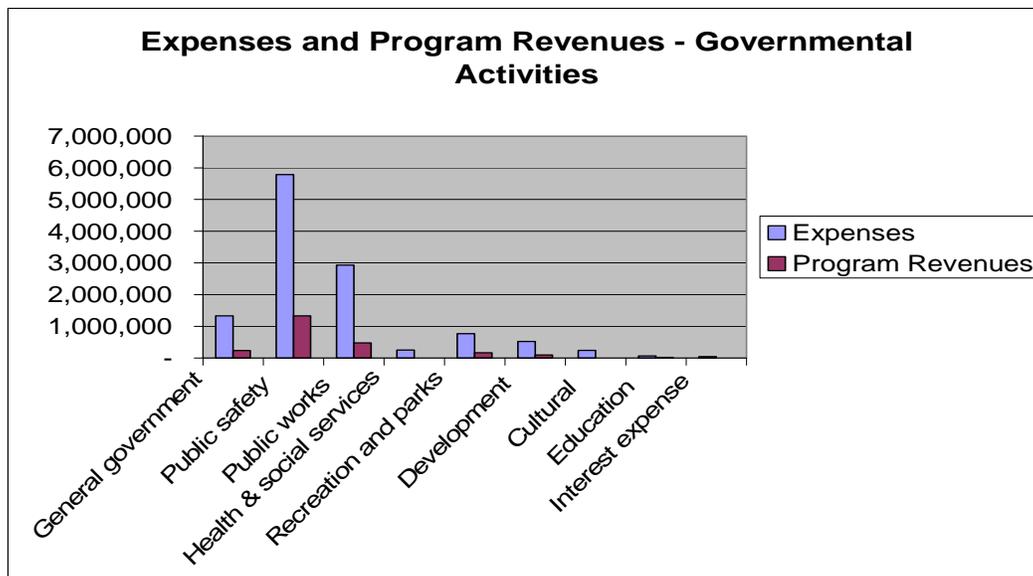
As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Hartford, assets exceeded liabilities by \$44,355,223 at the close of the most recent fiscal year.

By far the largest portion of the Town of Hartford's net assets (84%) 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* (\$4,312,694) 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.

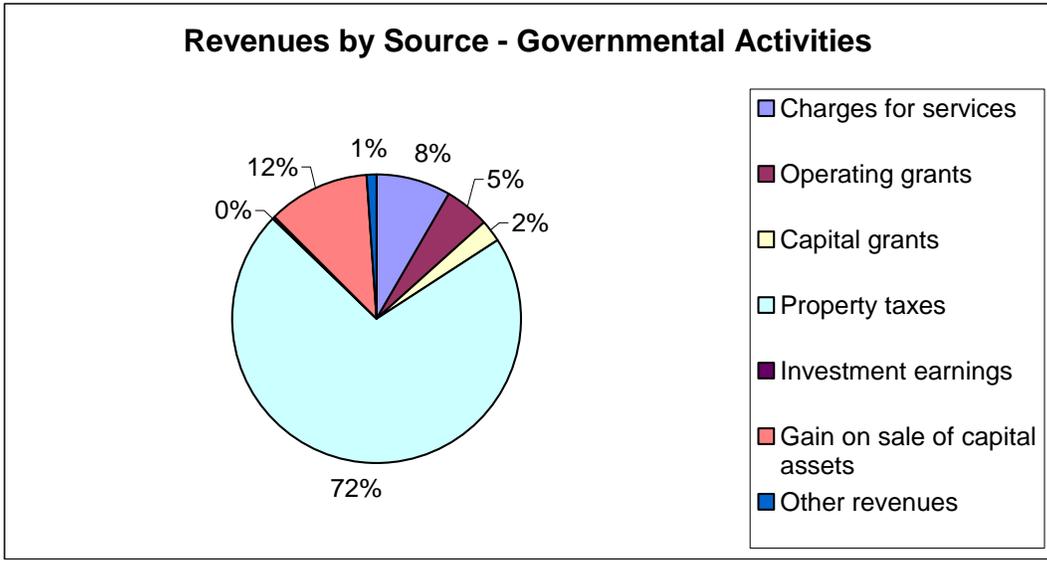
At the end of the current fiscal year, the Town of Hartford is able to report positive balances in all three categories of net assets for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the Town of Hartford's net assets by \$2,678,619 during the current fiscal year. Investment in capital assets, net of related debt, increased as a result of net additions to capital assets that exceeded current year depreciation expense (\$1,259,402), and as a result of principal payments on long-term bonds, notes, and leases (\$237,066). Restricted net assets increased by \$444,104, primarily as a result of increases in the Maxfield Project Fund resulting from the difference between the proceeds of the sale of a portion of that land and the capital costs of constructing an access road and parking (\$497,527). Unrestricted net assets increased by \$738,045, primarily as a result of general fund revenues exceeding expenditures due to unanticipated grant revenue (\$274,701), an unanticipated reduction in the cost of health insurance premiums (\$322,397), and lower than expected costs for winter highway maintenance (\$208,401).



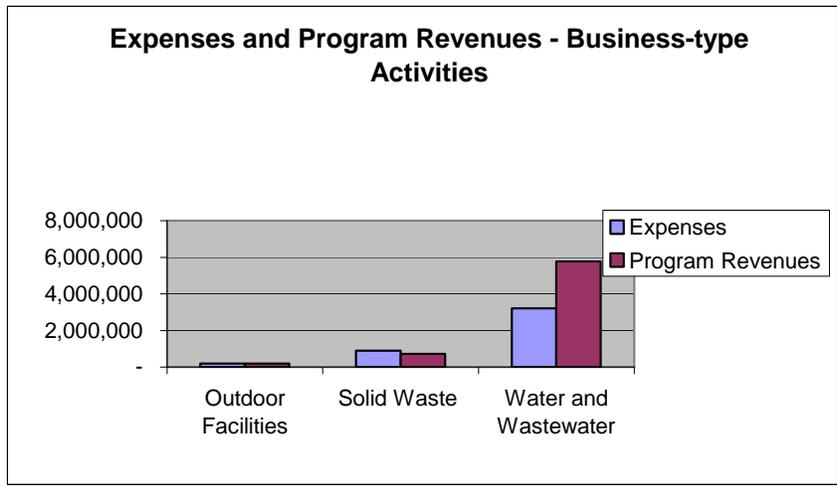
**TOWN OF HARTFORD, VERMONT'S CHANGES IN NET ASSETS**

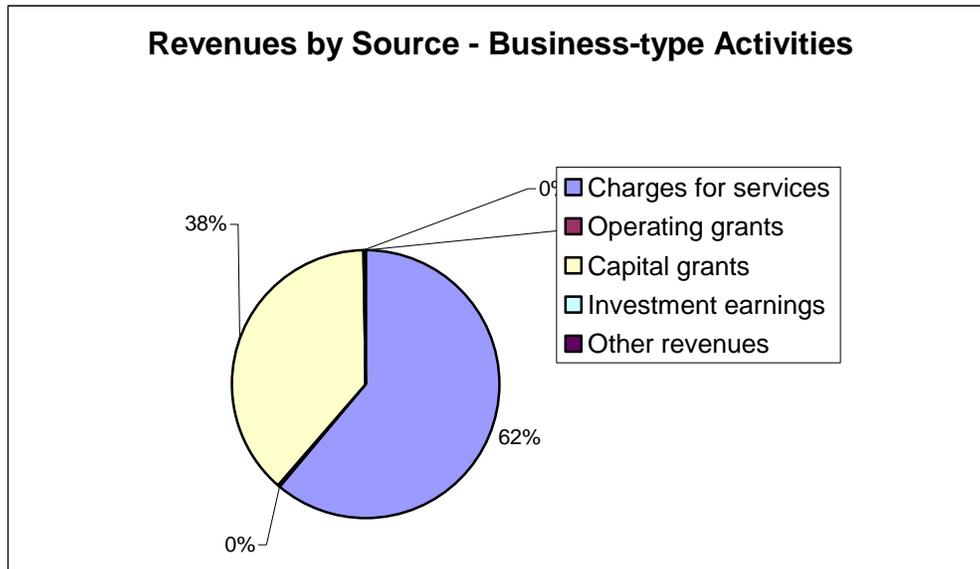
	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,231,790	\$ 1,195,776	\$ 4,090,113	\$ 4,023,159	\$ 5,321,903	\$ 5,218,935
Operating grants and contributions	732,564	820,848	9,881	4,883	742,445	825,731
Capital grants and contributions	636,807	573,494	3,678,551	-	4,315,358	573,494
<b>General revenues</b>						
Property taxes	10,393,112	9,891,968	-	-	10,393,112	9,891,968
Unrestricted investment earnings	29,687	57,667	15,925	16,062	45,612	73,729
Gain on sale of capital assets	1,663,809	45,745	-	-	1,663,809	45,745
Other revenues	170,733	291,412	-	-	170,733	291,412
<b>Total Revenues</b>	<b>14,858,502</b>	<b>12,876,910</b>	<b>7,794,470</b>	<b>4,044,104</b>	<b>22,652,972</b>	<b>16,921,014</b>
<b>Expenses</b>						
<b>Governmental activities</b>						
<b>General government</b>						
Administration	663,393	705,053	-	-	663,393	705,053
Elections and vital statistics	154,193	158,467	-	-	154,193	158,467
Finance	320,563	310,188	-	-	320,563	310,188
Valuation	191,878	177,864	-	-	191,878	177,864
<b>Public safety</b>						
Police	2,326,072	2,191,947	-	-	2,326,072	2,191,947
Fire and ambulance	2,773,001	2,612,919	-	-	2,773,001	2,612,919
Dispatch	686,738	640,237	-	-	686,738	640,237
<b>Public works</b>						
Highways	2,805,206	3,013,991	-	-	2,805,206	3,013,991
Public works administration	128,664	82,891	-	-	128,664	82,891
Health and social services	252,200	244,486	-	-	252,200	244,486
<b>Recreation and parks</b>						
Recreation administration	183,305	173,615	-	-	183,305	173,615
Recreation programs	294,327	261,911	-	-	294,327	261,911
Parks	293,114	282,185	-	-	293,114	282,185
Conservation and development	521,996	488,074	-	-	521,996	488,074
Cultural	242,069	231,460	-	-	242,069	231,460
Education	64,622	76,567	-	-	64,622	76,567
Interest on long-term debt	47,348	53,988	-	-	47,348	53,988
<b>Business-type activities</b>						
Outdoor facilities	-	-	185,020	215,349	185,020	215,349
Solid waste	-	-	896,218	900,911	896,218	900,911
Water and wastewater	-	-	3,202,749	3,118,240	3,202,749	3,118,240
<b>Total Expenses</b>	<b>11,948,689</b>	<b>11,705,843</b>	<b>4,283,987</b>	<b>4,234,500</b>	<b>16,232,676</b>	<b>15,940,343</b>
Change in net assets before transfers	2,909,813	1,171,067	3,510,483	(190,396)	6,420,296	980,671
Transfers	(231,194)	(180,444)	231,194	180,444	-	-
Change in net assets	2,678,619	990,623	3,741,677	(9,952)	6,420,296	980,671
Net assets - beginning of year	21,426,037	20,435,416	16,508,890	16,518,840	37,934,927	36,954,256
<b>Net assets - end of year</b>	<b>\$ 24,104,656</b>	<b>\$ 21,426,039</b>	<b>\$ 20,250,567</b>	<b>\$ 16,508,888</b>	<b>\$ 44,355,223</b>	<b>\$ 37,934,927</b>



**Business-type activities.** Business-type activities increased the Town of Hartford's net assets by \$3,471,677 during the current fiscal year. Key elements of this change are as follows:

- Charges for services increased by 2.3 percent. Charges for services in the Outdoor Facilities Fund were up by 18.1%. Refrigeration problems in the prior year resulted in a late start to the season and reduced revenues. Charges for services in the Solid Waste Fund fell slightly. Commercial tipping fees and coupon sales were up slightly, but this was offset by a small decrease in waste ordinance revenues. Charges for services in the water and wastewater funds were down slightly, with a reduction in user charges offset by an increase in impact fees.
- Operating expenses (before depreciation) increased by 2.3%. Personal services increased by 5.7%. In the prior fiscal year, an employee of the water fund was out on long-term disability, and the water and wastewater supervisor position was vacant for approximately four months.
- Capital grants of \$3,678,551 were received during the year to help fund improvements to the Town's water and wastewater infrastructure.
- Depreciation expense for business-type activities is \$994,912.





### 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, *unassigned 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 \$5,273,068, an increase of \$749,849 in comparison to the prior year. Of this total amount, \$27,168 is non-spendable (permanent fund principal) and \$1,958,138 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, \$1,821,233 has been assigned by the Town for various purposes, and \$1,466,529 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 \$1,535,467, and assigned fund balance was \$1,769,298. 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 11.2 percent of general fund expenditures and operating transfers, while total fund balance represents 24.0 percent of that same amount.

The fund balance of the Town of Hartford's general fund increased by \$342,153 during the current fiscal year. Key factors in this change are as follows:

- Unassigned revenues exceeded expenditures by \$285,113.
- Transfers to other funds included \$337,517 to the Debt Service Fund, \$150,000 to the Solid Waste Fund, and \$50,000 to the Outdoor Facilities Fund.
- \$517,274 was spent from assigned funds

Special revenue funds consist primarily of community development funds (\$484,722) and impact fee funds (\$491,075). 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 and for infrastructure and other land improvements to the Maxfield property. 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 Solid Waste Fund amounted to \$306,163 and those of the Water fund amounted to \$1,401,587. Unrestricted net assets of the Outdoor Facilities Fund amounted to a deficit of \$8,464 and those of the Wastewater Fund amounted to a deficit of \$427,414. Unrestricted net assets of the Solid Waste Fund increased by \$36,724, those of the Water Fund decreased \$370,247, and those of the Wastewater Fund decreased by \$1,857,564. The deficit in the Outdoor Facilities Fund was reduced by \$53,107. 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:

- Funding for the Drug Task Force (\$75,407), the Community Restorative Justice Center (\$23,344) and park trail construction (\$17,518) had not been budgeted, nor had the expenditures for these activities been budgeted.
- The Town received a COPS hiring grant (\$19,587) to allow the hiring of an additional patrol officer, and a special paving grant (\$80,641) that allowed for the completion of additional paving.
- Interest income was below budget by \$86,005.
- A change in health insurance resulted in expenditures being under budget by \$322,397.
- Budgeted contracted services for a paving improvement plan, cracksealing and guardrail replacement were not expended (\$50,000).
- Favorable winter weather conditions allowed for savings in the winter highway maintenance budget (\$208,401).
- Portions of the unanticipated surplus were transferred to assigned funds for expenditures in subsequent years (\$600,000).

### **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, 2010, amounts to \$37,039,222 (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 7.0 percent for governmental activities, and 39.2 percent for business-type activities.

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

- Upgrades to the communications center were undertaken during the year (\$212,959).
- Three police cruisers (\$84,197), a fire pumper truck (\$367,878), and highway equipment (\$334,215) were purchased during the year.
- A variety of infrastructure construction projects were undertaken, including highway reconstruction at a cost of \$773,768 and sidewalks at a cost of \$375,749.

- Design work on a set of roundabouts on Sykes Mountain Avenue (\$8,353) and a replacement for the underpass on Bridge Street (\$54,142) continued during the year, as did upgrades to water and wastewater systems (\$6,525,209).
- Infrastructure improvements to the Maxfield property were started (\$422,473).

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 643,976	\$ 734,476	\$ 414,158	\$ 414,158	\$ 1,058,134	\$ 1,148,634
Land improvements	656,016	659,419	106,426	113,029	762,442	772,448
Buildings and improvements	2,368,713	2,512,154	3,412,308	3,781,551	5,781,021	6,293,705
Vehicles and equipment	2,567,626	2,055,427	133,475	138,297	2,701,101	2,193,724
Roads, bridges and sidewalks	13,848,958	13,576,487	-	-	13,848,958	13,576,487
Distribution and collection systems	-	-	11,699,971	10,802,587	11,699,971	10,802,587
Construction in progress	1,161,146	449,070	6,814,847	289,637	7,975,993	738,707
<b>Total Assets</b>	<b>\$ 21,246,435</b>	<b>\$ 19,987,033</b>	<b>\$ 22,581,185</b>	<b>\$ 15,539,259</b>	<b>\$ 43,827,620</b>	<b>\$ 35,526,292</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 \$5,364,476. Of this amount, \$1,955,000 represents bonded debt backed by the full faith and credit of the Town, and \$3,409,476 represents revolving loans issued by the State of Vermont.

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Bonds payable	\$ 1,050,000	\$ 1,190,000	\$ 905,000	\$ 1,115,000	\$ 1,955,000	\$ 2,305,000
Revolving loans payable	1,117,945	1,215,011	2,291,531	2,401,904	3,409,476	3,616,915
<b>Totals</b>	<b>\$ 2,167,945</b>	<b>\$ 2,405,011</b>	<b>\$ 3,196,531</b>	<b>\$ 3,516,904</b>	<b>\$ 5,364,476</b>	<b>\$ 5,921,915</b>

The Town of Hartford's total debt decreased by \$557,439 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 \$141,989,980, 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 3.6 percent, down from 4.0 percent one year ago. This compares with a 5.1 percent rate state-wide, down from 6.1 percent statewide one year ago.
- Health insurance rates have decreased due to a change in insurance policies.
- Assigned and designated funds at the end of June 30, 2010, amounted to \$2,618,799. 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 \$255,000. 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 2011 fiscal year.

The Town of Hartford approved a general fund budget for fiscal year 2011 in the amount of \$12,474,514. This represents a decrease of \$5,158 or .04 percent over the approved budget for the previous year. The Town will utilize \$89,000 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 less than in the prior year. As a result, the amount collected in taxes increased by 2.2%, and the tax rate increased by 2.5%.

Rates for the Solid Waste Fund increased 10%, and rates for the Water Fund and Wastewater Fund were increased by 1%. Rates for the Outdoor Facilities Fund 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.

**TOWN OF HARTFORD, VERMONT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,912,927	\$ 3,430,056	\$ 7,342,983
Investments	9,341	-	9,341
Receivables (net of allowance for uncollectible accounts)			
Taxes receivable	245,824	-	245,824
Accounts receivable	204,966	663,171	868,137
Notes receivable	950,227	-	950,227
Due from other governments	156,229	1,349,177	1,505,406
Internal balances	1,198,557	(1,198,557)	-
Restricted assets			
Cash and cash equivalents	326,763	-	326,763
Capital assets (net of accumulated depreciation)			
Land and land improvements	1,299,992	520,584	1,820,576
Buildings and building improvements	2,368,713	3,412,308	5,781,021
Vehicles and equipment	2,567,626	133,475	2,701,101
Roads, bridges and sidewalks	13,848,958	-	13,848,958
Distribution and collection systems	-	11,699,971	11,699,971
Construction in progress	1,161,146	6,814,847	7,975,993
	<u>28,251,269</u>	<u>26,825,032</u>	<u>55,076,301</u>
<b>LIABILITIES</b>			
Accounts payable	384,379	2,281,907	2,666,286
Accrued payroll and benefits payable	89,342	17,081	106,423
Accrued compensated absences payable	290,686	77,416	368,102
Accrued interest payable	3,653	9,550	13,203
Due to other governments	4,249	344,966	349,215
Unearned revenue	93,085	-	93,085
Noncurrent liabilities			
Due within one year	298,223	385,381	683,604
Due in more than one year	2,982,996	3,458,164	6,441,160
	<u>4,146,613</u>	<u>6,574,465</u>	<u>10,721,078</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	19,078,490	17,960,732	37,039,222
Restricted for:			
Impact fees	491,076	1,017,963	1,509,039
Recreation and parks	497,400	-	497,400
Community development	550,545	-	550,545
Debt service	326,763	-	326,763
Endowments and perpetual care			
Non-expendable	27,168	-	27,168
Expendable	179	-	179
Other purposes	92,213	-	92,213
Unrestricted	3,040,822	1,271,872	4,312,694
	<u>\$ 24,104,656</u>	<u>\$ 20,250,567</u>	<u>\$ 44,355,223</u>

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

**TOWN OF HARTFORD, VERMONT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Functions/Programs</b>						
Governmental activities						
General government						
Administration	\$ 663,393	\$ -	\$ 33,000	\$ -	\$ (630,393)	\$ -
Elections and vital statistics	154,193	137,919	-	-	(16,274)	-
Finance	320,563	12,863	-	-	(307,700)	-
Valuation	191,878	11	53,782	-	(138,085)	-
Public safety						
Police	2,326,072	36,874	192,231	33,209	(2,063,758)	-
Fire and ambulance	2,773,001	490,911	104,098	127,421	(2,050,571)	-
Dispatch	686,738	346,069	-	-	(340,669)	-
Public works						
Highways	2,805,206	7,804	263,802	476,177	(2,057,423)	-
Public works administration	128,664	-	-	-	(128,664)	-
Health and social services						
Health and social services	252,200	-	-	-	(252,200)	-
Recreation and parks						
Recreation administration	183,305	-	-	-	(183,305)	-
Recreation programs	294,327	148,504	-	-	(145,823)	-
Parks	293,114	3,404	17,518	-	(272,192)	-
Conservation and development						
Cultural	242,069	103	64	-	(241,902)	-
Education	64,622	21,713	-	-	(42,909)	-
Interest on long-term debt	47,348	-	-	-	(47,348)	-
Total governmental activities	<u>11,948,689</u>	<u>1,231,790</u>	<u>732,564</u>	<u>636,807</u>	<u>(9,347,528)</u>	<u>-</u>
Business-type activities						
Outdoor facilities	185,020	185,726	-	-	-	706
Solid waste	896,218	703,361	9,881	-	-	(182,976)
Water and wastewater	<u>3,202,749</u>	<u>3,201,026</u>	<u>-</u>	<u>3,678,551</u>	<u>-</u>	<u>3,676,828</u>
Total business-type activities	<u>4,283,987</u>	<u>4,090,113</u>	<u>9,881</u>	<u>3,678,551</u>	<u>-</u>	<u>3,494,558</u>
Total primary government	<u>\$ 16,232,676</u>	<u>\$ 5,321,903</u>	<u>\$ 742,445</u>	<u>\$ 4,315,358</u>	<u>(9,347,528)</u>	<u>3,494,558</u>
General revenues:						
Property taxes					10,393,112	-
Unrestricted investment earnings					29,687	15,925
Gain on sale of capital assets					1,663,809	-
Other revenues					170,733	-
Transfers					(231,194)	231,194
Total general revenues and transfers					<u>12,026,147</u>	<u>247,119</u>
Change in net assets					2,678,619	3,741,677
Net assets, July 1, 2009					<u>21,426,037</u>	<u>16,508,890</u>
Net assets, June 30, 2010					<u>\$ 24,104,656</u>	<u>\$ 20,250,567</u>

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

**TOWN OF HARTFORD, VERMONT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	General Fund	Non-major Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and equivalents	\$ 2,401,795	\$ 1,511,132	\$ 3,912,927
Investments	-	9,341	9,341
Receivables (net of allowances for uncollectible accounts)			
Taxes receivable	260,824	-	260,824
Accounts receivable	166,918	38,048	204,966
Notes receivable	-	139,227	139,227
Due from other governments	58,835	97,394	156,229
Due from other funds	1,683,283	32,086	1,715,369
Restricted assets:			
Cash and equivalents	<u>-</u>	<u>326,763</u>	<u>326,763</u>
 Total Assets	 <u>\$ 4,571,655</u>	 <u>\$ 2,153,991</u>	 <u>\$ 6,725,646</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 372,797	\$ 11,582	\$ 384,379
Accrued payroll and benefits payable	89,342	-	89,342
Due to other governments	4,249	-	4,249
Due to other funds	416,654	100,158	516,812
Deferred revenue	<u>383,848</u>	<u>73,948</u>	<u>457,796</u>
 Total Liabilities	 <u>1,266,890</u>	 <u>185,688</u>	 <u>1,452,578</u>
<b>Fund balances</b>			
Non-spendable			
Permanent fund principal	-	27,168	27,168
Restricted for			
Impact fees	-	491,076	491,076
Recreation and parks	-	481,738	481,738
Community development	-	550,545	550,545
Debt service	-	326,763	326,763
Other	-	108,054	108,054
Assigned for			
General government	701,764	-	701,764
Public safety	163,368	-	163,368
Public works	655,830	51,935	707,765
Health and social services	6,498	-	6,498
Recreation and parks	79,730	-	79,730
Conservation and development	160,808	-	160,808
Cultural	1,300	-	1,300
Unassigned, reported in:			
General fund	1,535,467	-	1,535,467
Special revenue funds	-	(65,824)	(65,824)
Capital projects funds	<u>-</u>	<u>(3,152)</u>	<u>(3,152)</u>
 Total Fund Balances	 <u>3,304,765</u>	 <u>1,968,303</u>	 5,273,068
 Total Liabilities and Fund Balances	 <u>\$ 4,571,655</u>	 <u>\$ 2,153,991</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,246,435
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,160,711
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,575,558)</u>
Net assets of governmental activities	<u>\$ 24,104,656</u>

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

**TOWN OF HARTFORD, VERMONT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	General Fund	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 10,089,287	\$ -	\$ 10,089,287
Tax penalties and interest	275,555	-	275,555
Permits and licenses	18,297	-	18,297
Intergovernmental revenues	684,440	353,854	1,038,294
Charges for current services	1,116,860	-	1,116,860
Fines and forfeits	13,700	-	13,700
Impact fees	-	33,820	33,820
Interest	15,925	13,762	29,687
Other revenues	137,571	24,474	162,045
	<u>12,351,635</u>	<u>425,910</u>	<u>12,777,545</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current expenditures			
General government			
Administration	633,077	35	633,112
Elections and vital statistics	142,121	-	142,121
Finance	311,321	-	311,321
Valuation	176,652	-	176,652
Public safety			
Police	2,106,361	5,451	2,111,812
Fire and ambulance	2,356,850	40,837	2,397,687
Dispatch	594,814	-	594,814
Public works			
Highways	1,320,491	-	1,320,491
Public works administration	111,480	-	111,480
Health and social services			
Recreation and parks	242,616	-	242,616
Recreation and parks			
Recreation administration	169,637	-	169,637
Recreation programs	275,967	-	275,967
Parks	213,569	20,207	233,776
Conservation and development			
Cultural	413,628	75,395	489,023
Education	238,167	-	238,167
Education	-	64,622	64,622
Debt service expenditures			
Principal	-	237,066	237,066
Interest	-	47,929	47,929
Capital expenditures			
Public safety			
Police	50,988	33,209	84,197
Fire and ambulance	402,786	127,421	530,207
Dispatch	212,959	-	212,959
Public works			
Highways	1,457,382	68,700	1,526,082
Recreation and parks			
Parks	92,856	422,473	515,329
Conservation and development	-	49,435	49,435
	<u>11,523,722</u>	<u>1,192,780</u>	<u>12,716,502</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	827,913	(766,870)	61,043
	<u>827,913</u>	<u>(766,870)</u>	<u>61,043</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,742,556	317,168	2,059,724
Transfers out	(2,228,316)	(62,602)	(2,290,918)
Sale of capital assets	-	920,000	920,000
	<u>-</u>	<u>920,000</u>	<u>920,000</u>
Total Other Financing Sources (Uses)	(485,760)	1,174,566	688,806
	<u>(485,760)</u>	<u>1,174,566</u>	<u>688,806</u>
Net Change in Fund Balances	342,153	407,696	749,849
	<u>342,153</u>	<u>407,696</u>	<u>749,849</u>
Fund Balances - July 1, 2009	2,962,612	1,560,607	4,523,219
	<u>2,962,612</u>	<u>1,560,607</u>	<u>4,523,219</u>
Fund Balances - June 30, 2010	\$ 3,304,765	\$ 1,968,303	\$ 5,273,068
	<u>\$ 3,304,765</u>	<u>\$ 1,968,303</u>	<u>\$ 5,273,068</u>

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

**TOWN OF HARTFORD, VERMONT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balance - total government funds (Exhibit D)	\$ 749,849
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	1,075,940
The net effect of various miscellaneous transactions involving capital assets (i.e. donation) is to increase net assets	273,962
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	886,995
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	237,066
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(545,193)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 2,678,619</u>

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

**TOWN OF HARTFORD, VERMONT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2010**

	Major Funds			Non-major Fund	Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 775,378	\$ 1,104,522	\$ 1,518,833	\$ 31,323	\$ 3,430,056
Accounts receivable (net of allowance for uncollectible accounts)	58,269	236,725	368,177	-	663,171
Due from other governments	13,260	637,244	698,673	-	1,349,177
Due from other funds	28,939	-	40,768	-	69,707
Total Current Assets	<u>875,846</u>	<u>1,978,491</u>	<u>2,626,451</u>	<u>31,323</u>	<u>5,512,111</u>
Noncurrent Assets					
Capital assets					
Land and land improvements	277,184	34,000	245,158	-	556,342
Buildings and building improvements	1,659,897	280,160	10,214,572	928,840	13,083,469
Vehicles and equipment	323,481	210,803	314,278	73,798	922,360
Distribution and collection systems	-	9,486,499	11,809,654	-	21,296,153
Construction in progress	-	1,268,125	5,546,722	-	6,814,847
Less accumulated depreciation	(1,362,173)	(4,301,187)	(13,536,591)	(892,065)	(20,092,016)
Total Noncurrent Assets	<u>898,389</u>	<u>6,978,400</u>	<u>14,593,793</u>	<u>110,573</u>	<u>22,581,155</u>
Total Assets	<u>1,774,235</u>	<u>8,956,891</u>	<u>17,220,244</u>	<u>141,896</u>	<u>28,093,266</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	55,101	193,650	2,029,689	3,467	2,281,907
Accrued payroll and benefits payable	3,245	5,420	8,416	-	17,081
Accrued compensated absences payable	8,732	29,192	39,492	-	77,416
Accrued interest payable	-	7,360	2,019	171	9,550
Due to other governments	-	174,705	170,261	-	344,966
Due to other funds	28,939	5,748	1,197,428	36,149	1,268,264
Accrued postclosure costs - current portion	23,000	-	-	-	23,000
Other post employment benefits - current portion	6,403	12,922	14,371	-	33,696
Bonds and notes payable - current portion	-	238,685	75,000	15,000	328,685
Total Current Liabilities	<u>125,420</u>	<u>667,682</u>	<u>3,536,676</u>	<u>54,787</u>	<u>4,384,565</u>
Noncurrent Liabilities					
Accrued postclosure costs	414,000	-	-	-	414,000
Other post employment benefits	30,263	47,596	98,459	-	176,318
Bonds and notes payable	-	2,387,846	450,000	30,000	2,867,846
Total Noncurrent Liabilities	<u>444,263</u>	<u>2,435,442</u>	<u>548,459</u>	<u>30,000</u>	<u>3,458,164</u>
Total Liabilities	<u>569,683</u>	<u>3,103,124</u>	<u>4,085,135</u>	<u>84,787</u>	<u>7,842,729</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related debt	898,389	4,171,416	12,825,354	65,573	17,960,732
Restricted	-	280,764	737,199	-	1,017,963
Unrestricted	306,163	1,401,587	(427,414)	(8,464)	1,271,872
Total Net Assets	<u>\$ 1,204,552</u>	<u>\$ 5,853,767</u>	<u>\$ 13,135,139</u>	<u>\$ 57,109</u>	<u>\$ 20,250,567</u>

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

**TOWN OF HARTFORD, VERMONT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Major Funds			Non-major Fund	Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 691,745	\$ 1,299,904	\$ 1,845,774	\$ 182,526	\$ 4,019,949
Rents and other income	11,616	13,187	42,161	3,200	70,164
<b>Total Operating Revenues</b>	<u>703,361</u>	<u>1,313,091</u>	<u>1,887,935</u>	<u>185,726</u>	<u>4,090,113</u>
<b>OPERATING EXPENSES</b>					
Personal services	304,300	508,563	778,674	81,221	1,672,758
Administration expenses	4,897	23,719	24,420	-	53,036
Utilities	12,743	95,629	228,528	52,377	389,277
Contract services	458,779	33,753	146,033	16,689	655,254
Postclosure care costs	325	-	-	-	325
Franchise tax	8,066	-	-	-	8,066
Waste generation fee	7,435	-	-	-	7,435
Equipment operation	5,959	12,156	25,980	4,869	48,964
Repairs and maintenance	7,179	42,141	78,954	-	128,274
Materials and supplies	7,716	45,503	69,083	5,592	127,894
Insurance expense	4,832	9,825	19,937	4,761	39,355
Small equipment	6,424	13,078	14,669	-	34,171
Depreciation	67,563	284,276	625,755	17,318	994,912
<b>Total Operating Expenses</b>	<u>896,218</u>	<u>1,068,643</u>	<u>2,012,033</u>	<u>182,827</u>	<u>4,159,721</u>
Operating Income (Loss)	<u>(192,857)</u>	<u>244,448</u>	<u>(124,098)</u>	<u>2,899</u>	<u>(69,608)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capital grant revenue	9,881	1,198,785	2,479,766	-	3,688,432
Interest revenue	2,137	6,420	7,285	83	15,925
Interest expense	-	(96,105)	(25,968)	(2,193)	(124,266)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>12,018</u>	<u>1,109,100</u>	<u>2,461,083</u>	<u>(2,110)</u>	<u>3,580,091</u>
Income (Loss) Before Transfers	<u>(180,839)</u>	<u>1,353,548</u>	<u>2,336,985</u>	<u>789</u>	<u>3,510,483</u>
<b>TRANSFERS</b>					
Transfers in	173,325	1,498,642	4,377,569	65,000	6,114,536
Transfers out	(23,325)	(1,467,448)	(4,377,569)	(15,000)	(5,883,342)
<b>Total Transfers</b>	<u>150,000</u>	<u>31,194</u>	<u>-</u>	<u>50,000</u>	<u>231,194</u>
Change in Net Assets	(30,839)	1,384,742	2,336,985	50,789	3,741,677
Total Net Assets - July 1, 2009	<u>1,235,391</u>	<u>4,469,025</u>	<u>10,798,154</u>	<u>6,320</u>	<u>16,508,890</u>
Total Net Assets - June 30, 2010	<u>\$ 1,204,552</u>	<u>\$ 5,853,767</u>	<u>\$ 13,135,139</u>	<u>\$ 57,109</u>	<u>\$ 20,250,567</u>

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

**TOWN OF HARTFORD, VERMONT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Major Funds			Non-major Fund	Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers and users	\$ 678,512	\$ 1,311,644	\$ 1,894,992	\$ 186,654	\$ 4,071,802
Cash paid to employees	(292,799)	(486,495)	(736,176)	(81,221)	(1,596,691)
Cash paid to suppliers	(550,156)	(289,097)	(881,126)	(81,238)	(1,801,617)
Net cash provided (used) by operating activities	<u>(164,443)</u>	<u>536,052</u>	<u>277,690</u>	<u>24,195</u>	<u>673,494</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Subsidies from government grants	4,961	-	-	-	4,961
Transfers from other funds	150,000	31,194	-	-	181,194
Transfers to other funds	-	-	-	(7,001)	(7,001)
Net cash provided (used) by noncapital financing activities	<u>154,961</u>	<u>31,194</u>	<u>-</u>	<u>(7,001)</u>	<u>179,154</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Subsidies from government grants	-	-	1,233,835	-	1,233,835
Principal payments - bonds and notes	-	(230,373)	(75,000)	(15,000)	(320,373)
Interest paid	-	(97,078)	(26,231)	(2,194)	(125,503)
Purchase of capital assets	-	(1,063,384)	(2,208,420)	-	(3,271,804)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,390,835)</u>	<u>(1,075,816)</u>	<u>(17,194)</u>	<u>(2,483,845)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	2,137	6,420	7,285	83	15,925
Net cash provided (used) by investing activities	<u>2,137</u>	<u>6,420</u>	<u>7,285</u>	<u>83</u>	<u>15,925</u>
Net increase (decrease) in cash and equivalents	(7,345)	(817,169)	(790,841)	83	(1,615,272)
Cash and equivalents - July 1, 2009	782,723	1,921,691	2,309,674	31,240	5,045,328
Cash and equivalents - June 30, 2010	<u>\$ 775,378</u>	<u>\$ 1,104,522</u>	<u>\$ 1,518,833</u>	<u>\$ 31,323</u>	<u>\$ 3,430,056</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ (192,857)	\$ 244,448	\$ (124,098)	\$ 2,899	\$ (69,608)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	67,563	284,276	625,755	17,318	994,912
(Increase) decrease in accounts receivable	(24,847)	(1,448)	7,057	928	(18,310)
Increase (decrease) in accounts payable	(2,801)	(13,292)	(273,522)	3,050	(286,565)
Increase (decrease) in accrued expenses	(11,501)	22,068	42,498	-	53,065
Increase (decrease) in deferred income	-	-	-	-	-
Total adjustments	<u>28,414</u>	<u>291,604</u>	<u>401,788</u>	<u>21,296</u>	<u>743,102</u>
Net cash provided (used) by operating activities	<u>\$ (164,443)</u>	<u>\$ 536,052</u>	<u>\$ 277,690</u>	<u>\$ 24,195</u>	<u>\$ 673,494</u>

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

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b></p>
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The Town of Hartford, Vermont, (the Town) was chartered by King George III of England on July 4, 1761. The Town adopted a governance charter in accordance with Vermont statutes on November 4, 2008, which was subsequently ratified by the State on April 29, 2009. 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.

<p style="text-align: center;"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b></p>
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**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, 2010**

**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, 2010</b></p>
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**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, 2010</b></p>
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**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, 2010, taxes became due and payable on August 14, 2009, and February 5, 2010. 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.

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**3. Receivables (continued)**

The tax rate for 2010 is as follows:

	Homestead	Non-residential
Homestead education tax	\$ 1.2794	\$ -
Non-residential education tax	-	1.4135
Town general fund appropriations	0.6836	0.6836
Town restricted appropriations	0.0107	0.0107
Windsor County tax	0.0099	0.0099
Local agreement tax	0.0012	0.0012
Total	\$ 1.9848	\$ 2.1189

The first installment of property taxes for the budget period from July 1, 2010, to June 30, 2011, is due and payable on August 13, 2010. As of June 30, 2010, the Town had collected \$46,963 of those taxes. This amount is shown as deferred revenue at June 30, 2010, and will be recorded as revenue in August, 2010. Also included in deferred revenue is \$41,149 in miscellaneous revenues applicable to future periods in the General Fund, and \$4,973 in deferred intergovernmental revenues applicable to future periods in Special Revenue Funds. The total amount of deferred revenue for governmental activities is \$93,085.

**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, 2010**

**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 \$437,000. This liability has been recorded as an accrued expense as of June 30, 2010. A total of \$555,981 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, 2010**

**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 as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Net Assets Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,912,927	\$ -	\$ -	\$ -	\$ 3,912,927
Investments	9,341	-	-	-	9,341
Receivables					
Taxes receivable	260,824	(15,000)	-	-	245,824
Accounts receivable	553,047	(348,081)	-	-	204,966
Notes receivable	139,227	-	811,000	-	950,227
Due from other governments	156,229	-	-	-	156,229
Due from other funds	1,198,557	-	-	-	1,198,557
Restricted assets					
Cash and equivalents	326,763	-	-	-	326,763
Capital assets	-	-	21,246,435	-	21,246,435
 Total Assets	 <u>6,556,915</u>	 <u>(363,081)</u>	 <u>22,057,435</u>	 <u>-</u>	 <u>28,251,269</u>
<b>LIABILITIES</b>					
Accounts payable	384,379	-	-	-	384,379
Accrued payroll and benefits payable	89,342	-	-	-	89,342
Accrued compensated absences payable	-	290,686	-	-	290,686
Accrued interest payable	-	3,653	-	-	3,653
Due to other governments	4,249	-	-	-	4,249
Deferred revenue	805,877	(712,792)	-	-	93,085
Noncurrent liabilities	-	-	-	3,281,219	3,281,219
 Total Liabilities	 <u>1,283,847</u>	 <u>(418,453)</u>	 <u>-</u>	 <u>3,281,219</u>	 <u>4,146,613</u>
<b>NET ASSETS</b>					
Invested in capital assets	-	-	21,246,435	(2,167,945)	19,078,490
Other	5,273,068	55,372	811,000	(1,113,274)	5,026,166
 Total Net Assets	 <u>\$ 5,273,068</u>	 <u>\$ 55,372</u>	 <u>\$ 22,057,435</u>	 <u>\$ (3,281,219)</u>	 <u>\$ 24,104,656</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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	\$ 10,089,287	\$ 28,270	\$ -	\$ -	\$ 10,117,557
Tax penalties and interest	275,555	-	-	-	275,555
Permits and licenses	18,297	-	-	-	18,297
Intergovernmental revenues	1,038,294	57,115	-	-	1,095,409
Charges for current services	1,150,680	81,110	-	-	1,231,790
Fines and forfeits	13,700	-	-	-	13,700
Interest	29,687	-	-	-	29,687
Other revenues	1,082,045	-	994,462	-	2,076,507
Other sources:					
Proceeds of bonded debt	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
<b>Total Revenues</b>	<b>13,697,545</b>	<b>166,495</b>	<b>994,462</b>	<b>-</b>	<b>14,858,502</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>General government</b>					
Administration	633,112	18,346	11,935	-	663,393
Elections and vital statistics	142,121	12,072	-	-	154,193
Finance	311,321	6,778	2,464	-	320,563
Valuation	176,652	15,226	-	-	191,878
<b>Public safety</b>					
Police	2,111,812	135,647	78,613	-	2,326,072
Fire and ambulance	2,397,687	165,403	209,911	-	2,773,001
Dispatch	594,814	55,710	36,214	-	686,738
<b>Public works</b>					
Highways	1,320,491	42,906	1,441,809	-	2,805,206
Public works administration	111,480	16,900	284	-	128,664
Health and social services	242,616	-	9,584	-	252,200
<b>Recreation and parks</b>					
Recreation administration	169,637	13,668	-	-	183,305
Recreation programs	275,967	15,990	2,370	-	294,327
Parks	233,776	14,155	45,183	-	293,114
Conservation and development	489,023	32,973	-	-	521,996
Cultural	238,167	-	3,902	-	242,069
Education	64,622	-	-	-	64,622
Capital improvements	2,918,209	-	(2,918,209)	-	-
<b>Debt service</b>					
Principal	237,066	-	-	(237,066)	-
Interest	47,929	(581)	-	-	47,348
Other uses:					
Transfers to other funds	231,194	-	-	-	231,194
<b>Total Expenditures</b>	<b>12,947,696</b>	<b>545,193</b>	<b>(1,075,940)</b>	<b>(237,066)</b>	<b>12,179,883</b>
<b>Net change for the year</b>	<b>\$ 749,849</b>	<b>\$ (378,698)</b>	<b>\$ 2,070,402</b>	<b>\$ 237,066</b>	<b>\$ 2,678,619</b>

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b></p>
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**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 \$7,669,746, and the bank balance was \$8,110,144. Of the bank balance, \$271,697, was covered by federal depository insurance. Of the remaining balance, \$7,838,447 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, 2010, consisted of 429,418 shares of Fidelity's Puritan Fund, which had a cost basis of \$9,905 and a fair value of \$9,341. Unrealized gains and losses, which are included in revenue, resulted in an increase in value of \$1,482 for the year ended June 30, 2010.

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**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:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Ambulance accounts receivable (net of allowance of \$348,081)	\$ 148,655	\$ -	\$ 148,655
Miscellaneous receivables (net of allowance of \$0 [general] and \$0 [enterprise])	18,263	37,867	56,130
Impact fees receivable	37,023	20,384	57,407
Accrued interest receivable	1,025	-	1,025
User charges receivable (net of allowance of \$29,500)			
-Billed	-	337,328	337,328
-Unbilled	-	267,592	267,592
	<u>\$ 204,966</u>	<u>\$ 663,171</u>	<u>\$ 868,137</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	\$ 47,898
Notes receivable - various revolving loans, three loans outstanding, interest at 5.25%, various due dates, secured by business assets and personal guarantees. Of the three loans, none is in arrears at June 30, 2010	91,329
Note receivable - United States of America, without interest, payment due as the Town completes construction of the access road on the conveyed premises, on or before June 1, 2011, secured by first mortgage	811,000
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	1,590,227
Less allowance for doubtful accounts	(129,902)
Less loan discount	<u>(510,098)</u>
Net Notes Receivable	<u>\$ 950,227</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**E. Capital assets**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 734,476	\$ -	\$ 90,500	\$ 643,976
Construction in progress	449,070	771,211	59,136	1,161,145
<b>Total capital assets, not being depreciated</b>	<b>1,183,546</b>	<b>771,211</b>	<b>149,636</b>	<b>1,805,121</b>
Capital assets, being depreciated:				
Land improvements	786,497	23,200	-	809,697
Buildings and building improvements	4,694,468	-	-	4,694,468
Vehicles and equipment	5,506,661	997,230	402,542	6,101,349
Roads, bridges and sidewalks	22,562,199	1,482,615	167,456	23,877,358
<b>Totals</b>	<b>33,549,825</b>	<b>2,503,045</b>	<b>569,998</b>	<b>35,482,872</b>
Less accumulated depreciation for:				
Land improvements	127,078	26,603	-	153,681
Buildings and building improvements	2,182,314	143,441	-	2,325,755
Vehicles and equipment	3,451,235	462,080	379,593	3,533,722
Roads, bridges and sidewalks	8,985,711	1,210,145	167,456	10,028,400
<b>Totals</b>	<b>14,746,338</b>	<b>1,842,269</b>	<b>547,049</b>	<b>16,041,558</b>
<b>Total capital assets, being depreciated</b>	<b>18,803,487</b>	<b>660,776</b>	<b>22,949</b>	<b>19,441,314</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 19,987,033</b>	<b>\$ 1,431,987</b>	<b>\$ 172,585</b>	<b>\$ 21,246,435</b>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 414,158	\$ -	\$ -	\$ 414,158
Construction in progress	289,637	6,525,209	-	6,814,846
<b>Total capital assets, not being depreciated</b>	<b>703,795</b>	<b>6,525,209</b>	<b>-</b>	<b>7,229,004</b>
Capital assets, being depreciated:				
Land improvements	142,185	-	-	142,185
Buildings and building improvements	13,083,469	-	-	13,083,469
Vehicles and equipment	923,471	35,689	20,537	938,623
Distribution and collection systems	19,820,244	1,475,939	-	21,296,183
<b>Totals</b>	<b>33,969,369</b>	<b>1,511,628</b>	<b>20,537</b>	<b>35,460,460</b>
Less accumulated depreciation for:				
Land improvements	29,156	6,601	-	35,757
Buildings and building improvements	9,301,918	369,243	-	9,671,161
Vehicles and equipment	785,174	40,512	20,537	805,149
Distribution and collection systems	9,017,657	578,555	-	9,596,212
<b>Totals</b>	<b>19,133,905</b>	<b>994,911</b>	<b>20,537</b>	<b>20,108,279</b>
<b>Total capital assets, being depreciated</b>	<b>14,835,464</b>	<b>516,717</b>	<b>-</b>	<b>15,352,181</b>
<b>Business-type activity capital assets, net</b>	<b>\$ 15,539,259</b>	<b>\$ 7,041,926</b>	<b>\$ -</b>	<b>\$ 22,581,185</b>

There were \$736,246 of Distribution and Collection Systems in the Water Fund and \$717,519 of Distribution and Collection Systems in the Wastewater Fund that were acquired through capital contributions. There were also \$273,962 of sidewalks of governmental activities capital assets that were acquired through capital contributions.

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**E. Capital assets (continued)**

Depreciation was charged to programs as follows:

Governmental activities		
General government		
Administration	\$	11,935
Finance		2,464
Public safety		
Police		78,613
Fire and ambulance		209,911
Dispatch		36,214
Public works		
Highways		1,441,809
Public works administration		284
Health and social services		9,584
Recreation and parks		
Recreation programs		2,370
Parks		45,183
Cultural		<u>3,902</u>
Total depreciation expense	\$	<u>1,842,269</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, 2010, is as follows:

<u>Receivable Activity</u>	<u>Payable Activity</u>	<u>Amount</u>
Governmental Activities	Outdoor Facilities Fund	\$ 36,149
	Central Water Fund	\$ 5,748
	Central Wastewater Fund	\$ 338,408
	Quechee Wastewater Fund	<u>\$ 818,252</u>
TOTAL		<u>\$ 1,198,557</u>

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**F. Interfund Balances and Activity (continued)**

Interfund transfers for the year ended June 30, 2010, 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	\$ 260,860
	General Fund - Assigned	Current year assignments	878,060
	Debt Service Fund	Bond payments and bond reserve fund	306,323
	Outdoor Facilities Fund - Undesignated	Annual operating transfer	50,000
	Solid Waste Fund - Undesignated	Fund curbside recycling program	150,000
	Central Water Fund - Undesignated	Share of debt service	31,194
General Fund - Assigned	General Fund - Unassigned	Reimbursement from capital reserves	<u>551,879</u>
<b>Total General Fund</b>			<b><u>\$ 2,228,316</u></b>
Nonmajor Governmental Funds	General Fund - Unassigned	Reimb. from special revenue funds	\$ 51,623
	General Fund - Unassigned	Permanent fund earnings transfer	134
	Special Revenue Fund - Rehabilitation Loan Fund	Reallocation of loan repayments	<u>10,845</u>
<b>Total Nonmajor Governmental Funds</b>			<b><u>\$ 62,602</u></b>
Outdoor Facilities Fund - Undesignated	Outdoor Facilities Fund - Invest. in Capital Assets	Bond principal payment	<u>\$ 15,000</u>
<b>Total Outdoor Facilities Fund</b>			<b><u>\$ 15,000</u></b>
Solid Waste Fund - Designated	Solid Waste Fund - Undesignated	Reimbursement from closure reserve	<u>\$ 23,325</u>
<b>Total Solid Waste Fund</b>			<b><u>\$ 23,325</u></b>
Water Fund - Undesignated	Water Fund - Invest. in Capital Assets	Cash transfer	\$ 457
	Water Fund - Invest. in Capital Assets	Asset additions	1,236,618
	Water Fund - Invest. in Capital Assets	Bond principal payment	<u>230,373</u>
<b>Total Water Fund</b>			<b><u>\$ 1,467,448</u></b>
Wastewater Fund - Undesignated	Wastewater Fund - Designated	Addition to capital reserves	\$ 96,350
	Wastewater Fund - Invest. in Capital Assets	Asset additions	4,184,045
	Wastewater Fund - Invest. in Capital Assets	Bond principal payment	75,000
Wastewater Fund - Impact Fee	Wastewater Fund - Undesignated	Reimbursement from impact fees	<u>22,174</u>
<b>Total Wastewater Fund</b>			<b><u>\$ 4,377,569</u></b>

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**G. Accrued Compensated Absences**

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

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 299,251	\$ 68,114	\$ 367,365
Additions	350,352	80,123	430,475
Reductions	(358,917)	(70,821)	(429,738)
Ending Balance	\$ 290,686	\$ 77,416	\$ 368,102
Due Within One Year	\$ 290,686	\$ 77,416	\$ 368,102

**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.

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**H. Long-term Liabilities (continued)**

General obligation bonds and revolving loans outstanding at June 30, 2010, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
<b>BONDS AND NOTES PAYABLE</b>		
<u>Governmental Activities - Bonds</u>		
DPW Building	1.87% - 4.73%	\$ 1,050,000
<u>Governmental Activities - Revolving Loans</u>		
Combined Sewer Overflow - #1	0%	181,653
Combined Sewer Overflow - #2	0%	<u>936,292</u>
Total General Long-term Debt		<u>2,167,945</u>
<u>Business-type Activities - Bonds</u>		
Outdoor facilities - refrigeration	3.7% - 5.25%	45,000
Water tower construction	6.6% - 7.9%	230,000
Water system improvements	2.8% - 4.98%	105,000
Wastewater system improvements	2.8% - 4.98%	525,000
<u>Business-type Activities - Revolving Loans</u>		
Wilder Well	1%	<u>2,291,531</u>
Total Enterprise Funds		<u>3,196,531</u>
TOTAL BONDS AND NOTES PAYABLE		<u>\$ 5,364,476</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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	\$ 1,190,000	\$ -	\$ 140,000	\$ 1,050,000	\$ 105,000
Revolving loans payable	1,215,011	-	97,066	1,117,945	97,066
Other postemployment benefits	<u>558,935</u>	<u>650,496</u>	<u>96,157</u>	<u>1,113,274</u>	<u>96,157</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 2,963,946</u>	<u>\$ 650,496</u>	<u>\$ 333,223</u>	<u>\$ 3,281,219</u>	<u>\$ 298,223</u>
<b>Business-type Activities</b>					
Bonds payable	\$ 1,115,000	\$ -	\$ 210,000	\$ 905,000	\$ 215,000
Revolving loans payable	2,401,904	-	110,373	2,291,531	113,685
Other postemployment benefits	99,206	144,504	33,696	210,014	33,696
Postclosure care costs	<u>460,000</u>	<u>-</u>	<u>23,000</u>	<u>437,000</u>	<u>23,000</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 4,076,110</u>	<u>\$ 144,504</u>	<u>\$ 377,069</u>	<u>\$ 3,843,545</u>	<u>\$ 385,381</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2010, 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>
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	295,196	30,707	214,226	73,554
2015	179,935	26,250	217,953	65,543
2016-2020	1,086,616	60,821	879,701	221,385
2021-2025	-	-	811,145	101,009
2026	<u>-</u>	<u>-</u>	<u>177,118</u>	<u>5,313</u>
Total	<u>\$ 2,167,945</u>	<u>\$ 235,153</u>	<u>\$ 3,196,531</u>	<u>\$ 753,102</u>

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

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**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	\$ 9,422
Engine 494 Fund - restricted by donor agreement	3,327
Trees Matter Fund - restricted by donor agreement	2,489
Dog Park Fund - restricted by donor agreement	5,180
Glory Days Fund - restricted by donor agreement	4,666
CLG Grant Fund - restricted by grant agreement	38
Watershed Grant Fund - restricted by grant agreement	1,849
Quechee Gorge Visitor Center - restricted by grant agreement	43,426
Rehabilitation Loan Fund - restricted by grant agreement	105,527
Revolving Loan Fund - restricted by grant agreement	399,705
Fire/EMS Impact Fee Fund - restricted by statute	82,927
Recreation Impact Fee Fund - restricted by statute	56,870
Library Impact Fee Fund - restricted by statute	2,621
School Impact Fund - restricted by statute	<u>348,658</u>
 Total Special Revenue Funds	 <u>1,066,705</u>
 Capital Projects Fund	
CSO Fund - restricted by bond agreement	82,791
Maxfield Project Fund - restricted by donor agreement	<u>481,738</u>
 Total Capital Projects Fund	 <u>564,529</u>
 Debt Service Fund	
CSO Bond Reserve Fund - restricted by bond agreement	<u>326,763</u>
 Total Debt Service Fund	 <u>326,763</u>
 Permanent Fund	
Town Trust Funds - restricted by Trust agreement	<u>27,347</u>
 Total Permanent Fund	 <u>27,347</u>
 Total Governmental Activities	 <u>1,985,344</u>
 Business-type Activities	
Central Water Impact Fee Fund - restricted by statute	231,109
Quechee Water Impact Fee Fund - restricted by statute	49,655
Central Wastewater Impact Fee Fund - restricted by statute	539,492
Quechee Wastewater Impact Fee Fund - restricted by statute	<u>197,707</u>
 Total Business-type Activities	 <u>1,017,963</u>
 Total Restricted Net Assets	 <u>\$ 3,003,307</u>

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**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	\$ 169,507
Assigned to Town office renovation	162,073
Assigned to accounting software	9,343
Assigned to Revaluation	100,148
Assigned to Police equipment purchases	60,476
Assigned to Fire/EMS equipment purchases	68,430
Assigned to communications center upgrade	34,462
Assigned to Highway capital expenditures	655,830
Assigned to Senior Center renovations	6,498
Assigned to Recreation expenses	73,868
Assigned to Skatepark expenses	7,863
Assigned to Conservation and Development expenditures	164,500
Assigned to Library expenditures	1,300
Assigned to subsequent year expenditures	<u>255,000</u>
Total General Fund	<u>1,769,298</u>
Capital Projects Funds	
DPW Garage Fund - assigned to capital expenditures	<u>51,935</u>
Total Capital Projects Funds	<u>51,935</u>
Enterprise Funds	
Solid Waste Capital Reserve Fund - designated for capital expenditures	3,171
Solid Waste Closure Reserve Fund - designated for postclosure expenditures	90,041
Solid Waste Equipment Reserve Fund - designated for equipment purchases	51,690
Central Water Capital Reserve Fund - designated for capital expenditures	480,941
Quechee Water Capital Reserve Fund - designated for capital expenditures	<u>171,723</u>
Total Enterprise Funds	<u>797,566</u>
Total Designated Net Assets	<u>\$ 2,618,799</u>

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b></p>
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**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.

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, 2010.

**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, 2010. 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 2% over twenty years, beginning in 2013; in the amount of \$6,644,906 for the Quechee system (after available discounts are applied), payable in annual installments of principal and interest at 2% 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 2% over twenty years, beginning in 2012. No drawdowns had been made on any of these bonds as of June 30, 2010.

There are six (6) contracts related to the Hartford Central and Quechee Wastewater Systems Improvements. The total amount of these contracts is \$13,551,779. The project has an estimated completion date of early fiscal year 2012.

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b></p>
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**C. Commitments (continued)**

On June 23, 2010, 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. No drawdowns had been made on either of these bonds as of June 30, 2010.

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 \$3,518,598 and Town contributions for the year ended June 30, 2010 were \$255,471.

<b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b>
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**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 \$2,251,043. Town contributions for the year ended June 30, 2010, were \$180,083.

**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	\$ 650,496	\$ 144,504	\$ 795,000
Contributions Made	96,157	33,696	129,853
Increase in Net OPEB Obligation	554,339	110,808	665,147
Net OPEB Obligation, Beginning of Year	558,935	99,205	658,140
Net OPEB Obligation, End of Year	\$ 1,113,274	\$ 210,013	\$ 1,323,287

<p style="text-align:center"><b>TOWN OF HARTFORD, VERMONT</b> <b>NOTES TO FINANCIAL STATEMENTS</b> <b>JUNE 30, 2010</b></p>
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**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.

As of June 30, 2010, the Army had paid \$920,000 of the sales price. The remaining note amount of \$811,000 will be paid when the access road and parking have been completed, expected to be on or before June 30, 2011.

**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, 2010**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 10,083,728	\$ 10,089,287	\$ 5,559
Tax penalties and interest	244,000	275,555	31,555
Permits and licenses	16,550	18,297	1,747
Intergovernmental revenues	409,739	684,440	274,701
Charges for services	1,124,705	1,116,860	(7,845)
Fines and forfeits	14,750	13,700	(1,050)
Interest	100,000	13,995	(86,005)
Other revenues	94,700	137,321	42,621
From undesignated fund balance	100,000	100,000	-
	<u>12,188,172</u>	<u>12,449,455</u>	<u>261,283</u>
<b>EXPENDITURES</b>			
Current expenditures			
General government			
Administration	625,650	619,242	6,408
Elections and vital statistics	164,544	142,121	22,423
Finance	348,419	311,321	37,098
Valuation	189,600	176,652	12,948
Public safety			
Police	2,147,972	2,105,861	42,111
Fire and ambulance	2,589,072	2,356,850	232,222
Dispatch	587,430	594,814	(7,384)
Public works			
Highways	1,621,805	1,291,410	330,395
Public works administration	124,345	111,480	12,865
Health and social services	249,937	242,616	7,321
Recreation and parks			
Recreation administration	178,998	169,637	9,361
Recreation programs	302,484	275,967	26,517
Parks	202,548	213,569	(11,021)
Conservation and development	454,812	412,289	42,523
Cultural	240,599	238,167	2,432
Other expenditures	1,000	9,310	(8,310)
Capital expenditures			
Public safety			
Police	77,240	50,988	26,252
Fire and ambulance	234,000	402,786	(168,786)
Dispatch	24,000	-	24,000
Public works			
Highways	1,251,200	1,188,332	62,868
Recreation and parks			
Parks	91,500	92,856	(1,356)
Conservation and development	50,000	-	50,000
	<u>11,757,155</u>	<u>11,006,268</u>	<u>750,887</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	291,500	503,636	212,136
Transfers out	<u>(722,517)</u>	<u>(1,676,437)</u>	<u>(953,920)</u>
	<u>(431,017)</u>	<u>(1,172,801)</u>	<u>(741,784)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 270,386</u>	<u>\$ 270,386</u>

**RECONCILIATION OF CHANGE IN FUND BALANCES - BUDGETARY BASIS**  
**TO CHANGE IN FUND BALANCES - GAAP BASIS**

Change in Fund Balances - Budgetary Basis	\$ 270,386
Transfer to Assigned Fund Balance	1,138,920
Transfer from Assigned Fund Balance	(551,879)
Expenditures from Assigned Fund Balance	(517,454)
Assigned Fund Balance Interest Income	<u>2,180</u>
Change in Fund Balances - GAAP Basis	<u>\$ 342,153</u>

Expenditures and operating transfers exceeded appropriations by \$203,033. This overexpenditure was funded by unanticipated intergovernmental revenues 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, 2010**

	<u>Unassigned</u>	<u>Assigned</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ 10,089,287	\$ -	\$ 10,089,287
Tax penalties and interest	275,555	-	275,555
Permits and licenses	18,297	-	18,297
Intergovernmental revenues	684,440	-	684,440
Charges for current services	1,116,860	-	1,116,860
Fines and forfeits	13,700	-	13,700
Interest	13,995	1,930	15,925
Other revenues	137,321	250	137,571
	<u>12,349,455</u>	<u>2,180</u>	<u>12,351,635</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current expenditures			
General government			
Administration	619,242	4,525	623,767
Elections and vital statistics	142,121	-	142,121
Finance	311,321	-	311,321
Valuation	176,652	-	176,652
Public safety			
Police	2,105,861	500	2,106,361
Fire and ambulance	2,356,850	-	2,356,850
Dispatch	594,814	-	594,814
Public works			
Highways	1,291,410	29,081	1,320,491
Public works administration	111,480	-	111,480
Health and social services			
242,616	242,616	-	242,616
Recreation and parks			
Recreation administration	169,637	-	169,637
Recreation programs	275,967	-	275,967
Parks	213,569	-	213,569
Conservation and development			
412,289	412,289	1,339	413,628
Cultural			
238,167	238,167	-	238,167
Other expenditures			
9,310	9,310	-	9,310
Capital expenditures			
Public safety			
Police	50,988	-	50,988
Fire	402,786	-	402,786
Dispatch	-	212,959	212,959
Public works			
Highways	1,188,332	269,050	1,457,382
Recreation and parks			
92,856	92,856	-	92,856
	<u>11,006,268</u>	<u>517,454</u>	<u>11,523,722</u>
Total Expenditures			
Excess (deficiency) of Revenues Over (Under)			
Expenditures	1,343,187	(515,274)	827,913
	<u>1,343,187</u>	<u>(515,274)</u>	<u>827,913</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	603,636	1,138,920	1,742,556
Transfers out	(1,676,437)	(551,879)	(2,228,316)
	<u>(1,072,801)</u>	<u>587,041</u>	<u>(485,760)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	270,386	71,767	342,153
Fund Balances - July 1, 2009	1,265,081	1,697,531	2,962,612
	<u>1,265,081</u>	<u>1,697,531</u>	<u>2,962,612</u>
Fund Balances - June 30, 2010	\$ 1,535,467	\$ 1,769,298	\$ 3,304,765
	<u>\$ 1,535,467</u>	<u>\$ 1,769,298</u>	<u>\$ 3,304,765</u>

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF HARTFORD, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-Major Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>					
Cash and equivalents	\$ 892,250	\$ 600,742	\$ -	\$ 18,140	\$ 1,511,132
Investments	-	-	-	9,341	9,341
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	38,048	-	-	-	38,048
Notes receivable	139,227	-	-	-	139,227
Due from other governments	71,260	26,134	-	-	97,394
Due from other funds	8,420	23,666	-	-	32,086
Restricted assets:					
Cash and equivalents	-	-	326,763	-	326,763
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,149,205</u>	<u>\$ 650,542</u>	<u>\$ 326,763</u>	<u>\$ 27,481</u>	<u>\$ 2,153,991</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,045	\$ 9,537	\$ -	\$ -	\$ 11,582
Due to other funds	75,483	24,541	-	134	100,158
Deferred revenue	70,796	3,152	-	-	73,948
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>148,324</u>	<u>37,230</u>	<u>-</u>	<u>134</u>	<u>185,688</u>
<b>Fund balances</b>					
Non-spendable					
Permanent fund principal	-	-	-	27,168	27,168
Restricted for					
Impact fees	491,075	-	-	-	491,075
Recreation and parks	-	481,738	-	-	481,738
Community development	550,546	-	-	-	550,546
Debt service	-	-	326,763	-	326,763
Other	25,084	82,791	-	179	108,054
Assigned to					
Public works	-	51,935	-	-	51,935
Unassigned	(65,824)	(3,152)	-	-	(68,976)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>1,000,881</u>	<u>613,312</u>	<u>326,763</u>	<u>27,347</u>	<u>1,968,303</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 1,149,205</u>	<u>\$ 650,542</u>	<u>\$ 326,763</u>	<u>\$ 27,481</u>	<u>\$ 2,153,991</u>

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-major Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenues	\$ 284,867	\$ 68,987	\$ -	\$ -	\$ 353,854
Impact fees	33,820	-	-	-	33,820
Interest	10,941	293	806	1,722	13,762
Other revenues	24,474	-	-	-	24,474
	<u>354,102</u>	<u>69,280</u>	<u>806</u>	<u>1,722</u>	<u>425,910</u>
<b>EXPENDITURES</b>					
Current expenditures					
General government					
Administration	-	-	-	35	35
Public safety					
Police	5,451	-	-	-	5,451
Fire and ambulance	40,837	-	-	-	40,837
Recreation and parks					
Parks	20,207	-	-	-	20,207
Conservation and development	75,395	-	-	-	75,395
Education	64,622	-	-	-	64,622
Debt service expenditures					
Principal	-	-	237,066	-	237,066
Interest	-	-	47,929	-	47,929
Capital expenditures					
Public safety					
Police	33,209	-	-	-	33,209
Fire and ambulance	127,421	-	-	-	127,421
Public works					
Highways	-	68,700	-	-	68,700
Recreation and parks	-	422,473	-	-	422,473
Conservation and development	49,435	-	-	-	49,435
	<u>416,577</u>	<u>491,173</u>	<u>284,995</u>	<u>35</u>	<u>1,192,780</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>(62,475)</u>	<u>(421,893)</u>	<u>(284,189)</u>	<u>1,687</u>	<u>(766,870)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,845	-	306,323	-	317,168
Transfers out	(62,468)	-	-	(134)	(62,602)
Sale of capital assets	-	920,000	-	-	920,000
	<u>(51,623)</u>	<u>920,000</u>	<u>306,323</u>	<u>(134)</u>	<u>1,174,566</u>
Net Change in Fund Balances	(114,098)	498,107	22,134	1,553	407,696
Fund Balances - July 1, 2009	<u>1,114,979</u>	<u>115,205</u>	<u>304,629</u>	<u>25,794</u>	<u>1,560,607</u>
Fund Balances - June 30, 2010	<u>\$ 1,000,881</u>	<u>\$ 613,312</u>	<u>\$ 326,763</u>	<u>\$ 27,347</u>	<u>\$ 1,968,303</u>

See Disclaimer in Accompanying Independent Auditor's Report.

**TOWN OF HARTFORD, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

	Public Safety Funds	Recreation Funds	Community Development Funds	Impact Fee Funds	Library Fund	Totals
<b>ASSETS</b>						
Cash and equivalents	\$ 9,422	\$ 15,776	\$ 417,999	\$ 448,053	\$ 1,000	\$ 892,250
Receivables (net of allowances for uncollectible accounts)						
Accounts receivable	-	-	1,025	37,023	-	38,048
Notes receivable	-	-	139,227	-	-	139,227
Due from other governments	-	-	71,260	-	-	71,260
Due from other funds	-	-	-	8,420	-	8,420
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,420</u>	<u>-</u>	<u>8,420</u>
Total Assets	<u>\$ 9,422</u>	<u>\$ 15,776</u>	<u>\$ 629,511</u>	<u>\$ 493,496</u>	<u>\$ 1,000</u>	<u>\$ 1,149,205</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 41	\$ 2,004	\$ -	\$ -	\$ 2,045
Due to other funds	-	-	73,062	2,421	-	75,483
Deferred revenues	-	73	69,723	-	1,000	70,796
	<u>-</u>	<u>73</u>	<u>69,723</u>	<u>-</u>	<u>1,000</u>	<u>70,796</u>
Total Liabilities	<u>-</u>	<u>114</u>	<u>144,789</u>	<u>2,421</u>	<u>1,000</u>	<u>148,324</u>
<b>Fund Balances</b>						
Restricted for						
Impact fees	-	-	-	491,075	-	491,075
Community development	-	-	550,546	-	-	550,546
Other	9,422	15,662	-	-	-	25,084
Unassigned	-	-	(65,824)	-	-	(65,824)
	<u>-</u>	<u>-</u>	<u>(65,824)</u>	<u>-</u>	<u>-</u>	<u>(65,824)</u>
Total Fund Balances	<u>9,422</u>	<u>15,662</u>	<u>484,722</u>	<u>491,075</u>	<u>-</u>	<u>1,000,881</u>
Total Liabilities and Fund Balances	<u>\$ 9,422</u>	<u>\$ 15,776</u>	<u>\$ 629,511</u>	<u>\$ 493,496</u>	<u>\$ 1,000</u>	<u>\$ 1,149,205</u>

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**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, 2010**

	Public Safety Funds	Recreation Funds	Community Development Funds	Impact Fee Funds	Total
<b>REVENUES</b>					
Intergovernmental revenues	\$ 221,971	\$ 680	\$ 62,216	\$ -	\$ 284,867
Impact fees	-	-	-	33,820	33,820
Interest income	33	41	9,518	1,349	10,941
Other revenues	-	23,684	790	-	24,474
	<u>222,004</u>	<u>24,405</u>	<u>72,524</u>	<u>35,169</u>	<u>354,102</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current expenditures					
Public safety - police	5,451	-	-	-	5,451
Public safety - fire & ambulance	40,837	-	-	-	40,837
Recreation and parks	-	20,207	-	-	20,207
Conservation and development	-	-	75,395	-	75,395
Education	-	-	-	64,622	64,622
Capital expenditures					
Public safety - police	33,209	-	-	-	33,209
Public safety - ambulance	127,421	-	-	-	127,421
Conservation and development	-	-	49,435	-	49,435
	<u>206,918</u>	<u>20,207</u>	<u>124,830</u>	<u>64,622</u>	<u>416,577</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>15,086</u>	<u>4,198</u>	<u>(52,306)</u>	<u>(29,453)</u>	<u>(62,475)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	10,845	-	10,845
Transfers out	(16,483)	-	(10,845)	(35,140)	(62,468)
	<u>(16,483)</u>	<u>-</u>	<u>-</u>	<u>(35,140)</u>	<u>(51,623)</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	(1,397)	4,198	(52,306)	(64,593)	(114,098)
Fund Balances - July 1, 2009	<u>10,819</u>	<u>11,464</u>	<u>537,028</u>	<u>555,668</u>	<u>1,114,979</u>
Fund Balances - June 30, 2010	<u>\$ 9,422</u>	<u>\$ 15,662</u>	<u>\$ 484,722</u>	<u>\$ 491,075</u>	<u>\$ 1,000,881</u>

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2010**

	CSO Project Fund	DPW Garage Fund	Roundabout Fund	Underpass Fund	Maxfield Project Fund	Park & Ride Fund	Totals
<b>ASSETS</b>							
Cash and equivalents	\$ 82,791	\$ 28,269	\$ -	\$ -	\$ 485,135	\$ 4,547	\$ 600,742
Due from other governments	-	-	36	26,098	-	-	26,134
Due from other funds	-	23,666	-	-	-	-	23,666
	<u>-</u>	<u>23,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,666</u>
Total Assets	<u>\$ 82,791</u>	<u>\$ 51,935</u>	<u>\$ 36</u>	<u>\$ 26,098</u>	<u>\$ 485,135</u>	<u>\$ 4,547</u>	<u>\$ 650,542</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 1,593	\$ 3,397	\$ 4,547	\$ 9,537
Due to other funds	-	-	36	24,505	-	-	24,541
Deferred revenues	-	-	36	3,116	-	-	3,152
	<u>-</u>	<u>-</u>	<u>36</u>	<u>3,116</u>	<u>-</u>	<u>-</u>	<u>3,152</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>72</u>	<u>29,214</u>	<u>3,397</u>	<u>4,547</u>	<u>37,230</u>
<b>Fund Balances</b>							
Restricted	82,791	-	-	-	481,738	-	564,529
Assigned	-	51,935	-	-	-	-	51,935
Unassigned	-	-	(36)	(3,116)	-	-	(3,152)
	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>(3,116)</u>	<u>-</u>	<u>-</u>	<u>(3,152)</u>
Total Fund Balances	<u>82,791</u>	<u>51,935</u>	<u>(36)</u>	<u>(3,116)</u>	<u>481,738</u>	<u>-</u>	<u>613,312</u>
Total Liabilities and Fund Balances	<u>\$ 82,791</u>	<u>\$ 51,935</u>	<u>\$ 36</u>	<u>\$ 26,098</u>	<u>\$ 485,135</u>	<u>\$ 4,547</u>	<u>\$ 650,542</u>

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	CSO Project Fund	DPW Garage Fund	Roundabout Fund	Underpass Fund	Maxfield Project Fund	Park & Ride Fund	Total
<b>REVENUES</b>							
Intergovernmental revenues	\$ -	\$ -	\$ 8,317	\$ 54,465	\$ -	\$ 6,205	\$ 68,987
Interest Income	219	74	-	-	-	-	293
<b>Total Revenues</b>	<u>219</u>	<u>74</u>	<u>8,317</u>	<u>54,465</u>	<u>-</u>	<u>6,205</u>	<u>69,280</u>
<b>EXPENDITURES</b>							
Capital expenditures							
Highway	-	-	8,353	54,142	-	6,205	68,700
Recreation and parks	-	-	-	-	422,473	-	422,473
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>8,353</u>	<u>54,142</u>	<u>422,473</u>	<u>6,205</u>	<u>491,173</u>
Excess (Deficiency) of Revenues Over (Under)							
Expenditures	219	74	(36)	323	(422,473)	-	(421,893)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	920,000	-	920,000
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920,000</u>	<u>-</u>	<u>920,000</u>
Net Change in Fund Balances	219	74	(36)	323	497,527	-	498,107
Fund Balances - July 1, 2009	82,572	51,861	-	(3,439)	(15,789)	-	115,205
Fund Balances - June 30, 2010	<u>\$ 82,791</u>	<u>\$ 51,935</u>	<u>\$ (36)</u>	<u>\$ (3,116)</u>	<u>\$ 481,738</u>	<u>\$ -</u>	<u>\$ 613,312</u>

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF NET ASSETS**  
**WATER AND WASTEWATER FUNDS**  
**JUNE 30, 2010**

	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	\$ 706,639	\$ 397,883	\$ 1,104,522	\$ 894,541	\$ 624,292	\$ 1,518,833
Accounts receivable (net of allowance for uncollectible accounts)	173,796	62,929	236,725	231,540	136,637	368,177
Due from other governments	501,041	136,203	637,244	374,553	324,120	698,673
Due from other funds	-	-	-	40,768	-	40,768
<b>Total Current Assets</b>	<b>1,381,476</b>	<b>597,015</b>	<b>1,978,491</b>	<b>1,541,402</b>	<b>1,085,049</b>	<b>2,626,451</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	224,520	89,758	314,278
Distribution and collection systems	7,390,898	2,095,601	9,486,499	3,698,267	8,111,417	11,809,684
Construction in progress	1,084,534	183,591	1,268,125	2,517,862	3,028,860	5,546,722
Less accumulated depreciation	(3,457,631)	(843,556)	(4,301,187)	(8,649,518)	(4,887,073)	(13,536,591)
<b>Total Noncurrent Assets</b>	<b>5,455,616</b>	<b>1,522,784</b>	<b>6,978,400</b>	<b>5,375,129</b>	<b>9,218,694</b>	<b>14,593,823</b>
<b>Total Assets</b>	<b>6,837,092</b>	<b>2,119,799</b>	<b>8,956,891</b>	<b>6,916,531</b>	<b>10,303,743</b>	<b>17,220,274</b>
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	129,381	64,269	193,650	937,043	1,092,646	2,029,689
Accrued payroll and benefits payable	3,813	1,607	5,420	5,132	3,284	8,416
Accrued compensated absences payable	20,132	9,060	29,192	20,176	19,316	39,492
Accrued interest payable	6,956	404	7,360	-	2,019	2,019
Due to other governments	174,705	-	174,705	170,261	-	170,261
Due to other funds	5,748	-	5,748	379,176	818,252	1,197,428
Other post employment benefits - current portion	10,527	2,395	12,922	11,976	2,395	14,371
Bonds and notes payable - current portion	223,685	15,000	238,685	-	75,000	75,000
<b>Total Current Liabilities</b>	<b>574,947</b>	<b>92,735</b>	<b>667,682</b>	<b>1,523,764</b>	<b>2,012,912</b>	<b>3,536,676</b>
Noncurrent Liabilities						
Other post employment benefits	32,169	15,427	47,596	54,588	43,871	98,459
Bonds and notes payable	2,297,846	90,000	2,387,846	-	450,000	450,000
<b>Total Noncurrent Liabilities</b>	<b>2,330,015</b>	<b>105,427</b>	<b>2,435,442</b>	<b>54,588</b>	<b>493,871</b>	<b>548,459</b>
<b>Total Liabilities</b>	<b>2,904,962</b>	<b>198,162</b>	<b>3,103,124</b>	<b>1,578,352</b>	<b>2,506,783</b>	<b>4,085,135</b>
<b>NET ASSETS</b>						
Investment in capital assets, net of related debt	2,753,632	1,417,784	4,171,416	4,866,460	7,958,894	12,825,354
Restricted	231,109	49,655	280,764	539,492	197,707	737,199
Unrestricted	947,389	454,198	1,401,587	(67,773)	(359,641)	(427,414)
<b>Total Net Assets</b>	<b>\$ 3,932,130</b>	<b>\$ 1,921,637</b>	<b>\$ 5,853,767</b>	<b>\$ 5,338,179</b>	<b>\$ 7,796,960</b>	<b>\$ 13,135,139</b>

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**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, 2010**

	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	\$ 971,725	\$ 328,179	\$ 1,299,904	\$ 1,124,453	\$ 721,321	\$ 1,845,774
Rents and other income	10,207	2,980	13,187	31,304	10,857	42,161
Total Operating Revenues	981,932	331,159	1,313,091	1,155,757	732,178	1,887,935
<b>OPERATING EXPENSES</b>						
Personal services	380,585	127,978	508,563	489,781	288,893	778,674
Administration expenses	18,832	4,887	23,719	11,731	12,689	24,420
Utilities	66,983	28,646	95,629	171,907	56,621	228,528
Contract services	12,869	20,884	33,753	77,930	68,103	146,033
Equipment operation	8,423	3,733	12,156	15,109	10,871	25,980
Repairs and maintenance	27,321	14,820	42,141	68,723	10,231	78,954
Materials and supplies	38,201	7,302	45,503	44,843	24,240	69,083
Insurance expense	7,919	1,906	9,825	15,853	4,084	19,937
Small equipment	8,966	4,112	13,078	9,949	4,720	14,669
Depreciation	200,148	84,128	284,276	182,981	442,774	625,755
Total Operating Expenses	770,247	298,396	1,068,643	1,088,807	923,226	2,012,033
Operating Income (Loss)	211,685	32,763	244,448	66,950	(191,048)	(124,098)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Capital Grant Revenue	1,062,582	136,203	1,198,785	1,537,510	942,256	2,479,766
Interest income	5,011	1,409	6,420	4,227	3,058	7,285
Interest expense	(90,911)	(5,194)	(96,105)	-	(25,968)	(25,968)
Total Nonoperating Revenues (Expenses)	976,682	132,418	1,109,100	1,541,737	919,346	2,461,083
Income (Loss) Before Transfers	1,188,367	165,181	1,353,548	1,608,687	728,298	2,336,985
<b>TRANSFERS</b>						
Transfers in	1,301,140	197,502	1,498,642	2,180,325	2,197,244	4,377,569
Transfers out	(1,269,946)	(197,502)	(1,467,448)	(2,180,325)	(2,197,244)	(4,377,569)
Total Transfers	31,194	-	31,194	-	-	-
Change in Net Assets	1,219,561	165,181	1,384,742	1,608,687	728,298	2,336,985
Total Net Assets - July 1, 2009	2,712,569	1,756,456	4,469,025	3,729,492	7,068,662	10,798,154
Total Net Assets - June 30, 2010	\$ 3,932,130	\$ 1,921,637	\$ 5,853,767	\$ 5,338,179	\$ 7,796,960	\$ 13,135,139

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**TOWN OF HARTFORD, VERMONT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 OUTDOOR FACILITIES FUND  
 FOR THE YEAR ENDED JUNE 30, 2010**

	Operating Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 182,526	\$ -	\$ -	\$ 182,526
Rents and other income	3,200	-	-	3,200
	<u>185,726</u>	<u>-</u>	<u>-</u>	<u>185,726</u>
<b>OPERATING EXPENSES</b>				
Personal services	81,221	-	-	81,221
Utilities	52,377	-	-	52,377
Contract services	16,689	-	-	16,689
Equipment operation	4,869	-	-	4,869
Materials and supplies	5,592	-	-	5,592
Insurance expense	4,761	-	-	4,761
Depreciation	-	-	17,318	17,318
	<u>165,509</u>	<u>-</u>	<u>17,318</u>	<u>182,827</u>
Operating Income (Loss)	<u>20,217</u>	<u>-</u>	<u>(17,318)</u>	<u>2,899</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	-	83	-	83
Interest expense	(2,193)	-	-	(2,193)
	<u>(2,193)</u>	<u>83</u>	<u>-</u>	<u>(2,110)</u>
Income (Loss) Before Transfers	<u>18,024</u>	<u>83</u>	<u>(17,318)</u>	<u>789</u>
<b>TRANSFERS</b>				
Transfers in	50,000	-	15,000	65,000
Transfers out	(15,000)	-	-	(15,000)
	<u>35,000</u>	<u>-</u>	<u>15,000</u>	<u>50,000</u>
Change in Net Assets	53,024	83	(2,318)	50,789
Total Net Assets - July 1, 2009	<u>(92,811)</u>	<u>31,240</u>	<u>67,891</u>	<u>6,320</u>
Total Net Assets - June 30, 2010	<u>\$ (39,787)</u>	<u>\$ 31,323</u>	<u>\$ 65,573</u>	<u>\$ 57,109</u>

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**SOLID WASTE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Operating Fund	Equipment Reserve Fund	Closure Reserve Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>						
Charges for services	\$ 691,745	\$ -	\$ -	\$ -	\$ -	\$ 691,745
Rents and other income	11,616	-	-	-	-	11,616
Total Operating Revenues	703,361	-	-	-	-	703,361
<b>OPERATING EXPENSES</b>						
Personal services	304,300	-	-	-	-	304,300
Administration expenses	4,897	-	-	-	-	4,897
Utilities	12,743	-	-	-	-	12,743
Contract services	458,779	-	-	-	-	458,779
Postclosure care costs	23,325	-	(23,000)	-	-	325
Franchise tax	8,066	-	-	-	-	8,066
Waste generation fee	7,435	-	-	-	-	7,435
Equipment operation	5,959	-	-	-	-	5,959
Repairs and maintenance	7,179	-	-	-	-	7,179
Materials and supplies	7,716	-	-	-	-	7,716
Insurance expense	4,832	-	-	-	-	4,832
Small equipment	6,424	-	-	-	-	6,424
Depreciation	-	-	-	-	67,563	67,563
Total Operating Expenses	851,655	-	(23,000)	-	67,563	896,218
Operating Income (Loss)	(148,294)	-	23,000	-	(67,563)	(192,857)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Intergovernmental revenues	9,881	-	-	-	-	9,881
Interest income	527	136	1,466	8	-	2,137
Total Nonoperating Revenues (Expenses)	10,408	136	1,466	8	-	12,018
Income (Loss) Before Transfers	(137,886)	136	24,466	8	(67,563)	(180,839)
<b>TRANSFERS</b>						
Transfers in	173,325	-	-	-	-	173,325
Transfers out	-	-	(23,325)	-	-	(23,325)
Total Transfers	173,325	-	(23,325)	-	-	150,000
Change in Net Assets	35,439	136	1,141	8	(67,563)	(30,839)
Total Net Assets - July 1, 2009	125,822	51,554	88,900	3,163	965,952	1,235,391
Total Net Assets - June 30, 2010	\$ 161,261	\$ 51,690	\$ 90,041	\$ 3,171	\$ 898,389	\$ 1,204,552

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**CENTRAL WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 971,725	\$ -	\$ -	\$ -	\$ 971,725
Rents and other income	2,037	8,170	-	-	10,207
Total Operating Revenues	<u>973,762</u>	<u>8,170</u>	<u>-</u>	<u>-</u>	<u>981,932</u>
<b>OPERATING EXPENSES</b>					
Personal services	380,585	-	-	-	380,585
Administration expenses	18,832	-	-	-	18,832
Utilities	66,983	-	-	-	66,983
Contract services	12,869	-	-	-	12,869
Equipment operation	8,423	-	-	-	8,423
Repairs and maintenance	27,321	-	-	-	27,321
Materials and supplies	38,201	-	-	-	38,201
Insurance expense	7,919	-	-	-	7,919
Small equipment	8,966	-	-	-	8,966
Depreciation	-	-	-	200,148	200,148
Total Operating Expenses	<u>570,099</u>	<u>-</u>	<u>-</u>	<u>200,148</u>	<u>770,247</u>
Operating Income (Loss)	<u>403,663</u>	<u>8,170</u>	<u>-</u>	<u>(200,148)</u>	<u>211,685</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capital grant revenue	501,041	-	-	561,541	1,062,582
Interest income	3,161	582	1,268	-	5,011
Interest expense	(90,911)	-	-	-	(90,911)
Total Nonoperating Revenues (Expenses)	<u>413,291</u>	<u>582</u>	<u>1,268</u>	<u>561,541</u>	<u>976,682</u>
Income (Loss) Before Transfers	<u>816,954</u>	<u>8,752</u>	<u>1,268</u>	<u>361,393</u>	<u>1,188,367</u>
<b>TRANSFERS</b>					
Transfers in	31,194	-	-	1,269,946	1,301,140
Transfers out	(1,269,946)	-	-	-	(1,269,946)
Total Transfers	<u>(1,238,752)</u>	<u>-</u>	<u>-</u>	<u>1,269,946</u>	<u>31,194</u>
Change in Net Assets	(421,798)	8,752	1,268	1,631,339	1,219,561
Total Net Assets - July 1, 2009	<u>888,246</u>	<u>222,357</u>	<u>479,673</u>	<u>1,122,293</u>	<u>2,712,569</u>
Total Net Assets - June 30, 2010	<u>\$ 466,448</u>	<u>\$ 231,109</u>	<u>\$ 480,941</u>	<u>\$ 2,753,632</u>	<u>\$ 3,932,130</u>

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**QUECHEE WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 328,179	\$ -	\$ -	\$ -	\$ 328,179
Rents and other income	1,583	1,397	-	-	2,980
Total Operating Revenues	<u>329,762</u>	<u>1,397</u>	<u>-</u>	<u>-</u>	<u>331,159</u>
<b>OPERATING EXPENSES</b>					
Personal services	127,978	-	-	-	127,978
Administration expenses	4,887	-	-	-	4,887
Utilities	28,646	-	-	-	28,646
Contract services	20,884	-	-	-	20,884
Equipment operation	3,733	-	-	-	3,733
Repairs and maintenance	14,820	-	-	-	14,820
Materials and supplies	7,302	-	-	-	7,302
Insurance expense	1,906	-	-	-	1,906
Small equipment	4,112	-	-	-	4,112
Depreciation	-	-	-	84,128	84,128
Total Operating Expenses	<u>214,268</u>	<u>-</u>	<u>-</u>	<u>84,128</u>	<u>298,396</u>
Operating Income (Loss)	<u>115,494</u>	<u>1,397</u>	<u>-</u>	<u>(84,128)</u>	<u>32,763</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capital grant revenue	136,203	-	-	-	136,203
Interest revenue	829	127	453	-	1,409
Interest expense	(5,194)	-	-	-	(5,194)
Total Nonoperating Revenues (Expenses)	<u>131,838</u>	<u>127</u>	<u>453</u>	<u>-</u>	<u>132,418</u>
Income (Loss) Before Transfers	<u>247,332</u>	<u>1,524</u>	<u>453</u>	<u>(84,128)</u>	<u>165,181</u>
<b>TRANSFERS</b>					
Transfers in	-	-	-	197,502	197,502
Transfers out	(197,502)	-	-	-	(197,502)
Total Transfers	<u>(197,502)</u>	<u>-</u>	<u>-</u>	<u>197,502</u>	<u>-</u>
Change in Net Assets	49,830	1,524	453	113,374	165,181
Total Net Assets - July 1, 2009	<u>232,645</u>	<u>48,131</u>	<u>171,270</u>	<u>1,304,410</u>	<u>1,756,456</u>
Total Net Assets - June 30, 2010	<u>\$ 282,475</u>	<u>\$ 49,655</u>	<u>\$ 171,723</u>	<u>\$ 1,417,784</u>	<u>\$ 1,921,637</u>

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**CENTRAL WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,124,453	\$ -	\$ -	\$ -	\$ 1,124,453
Rents and other income	5,580	25,724	-	-	31,304
Total Operating Revenues	<u>1,130,033</u>	<u>25,724</u>	<u>-</u>	<u>-</u>	<u>1,155,757</u>
<b>OPERATING EXPENSES</b>					
Personal services	489,781	-	-	-	489,781
Administration expenses	11,731	-	-	-	11,731
Utilities	171,907	-	-	-	171,907
Contract services	77,930	-	-	-	77,930
Equipment operation	15,109	-	-	-	15,109
Repairs and maintenance	68,723	-	-	-	68,723
Materials and supplies	44,843	-	-	-	44,843
Insurance expense	15,853	-	-	-	15,853
Small equipment	9,949	-	-	-	9,949
Depreciation	-	-	-	182,981	182,981
Total Operating Expenses	<u>905,826</u>	<u>-</u>	<u>-</u>	<u>182,981</u>	<u>1,088,807</u>
Operating Income (Loss)	<u>224,207</u>	<u>25,724</u>	<u>-</u>	<u>(182,981)</u>	<u>66,950</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capital grant revenue	990,252	-	-	547,258	1,537,510
Interest income	2,062	1,471	694	-	4,227
Interest expense	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>992,314</u>	<u>1,471</u>	<u>694</u>	<u>547,258</u>	<u>1,541,737</u>
Income (Loss) Before Transfers	<u>1,216,521</u>	<u>27,195</u>	<u>694</u>	<u>364,277</u>	<u>1,608,687</u>
<b>TRANSFERS</b>					
Transfers in	22,174	-	67,000	2,091,151	2,180,325
Transfers out	<u>(2,158,151)</u>	<u>(22,174)</u>	<u>-</u>	<u>-</u>	<u>(2,180,325)</u>
Total Transfers	<u>(2,135,977)</u>	<u>(22,174)</u>	<u>67,000</u>	<u>2,091,151</u>	<u>-</u>
Change in Net Assets	(919,456)	5,021	67,694	2,455,428	1,608,687
Total Net Assets - July 1, 2009	<u>526,583</u>	<u>534,471</u>	<u>257,406</u>	<u>2,411,032</u>	<u>3,729,492</u>
Total Net Assets - June 30, 2010	<u>\$ (392,873)</u>	<u>\$ 539,492</u>	<u>\$ 325,100</u>	<u>\$ 4,866,460</u>	<u>\$ 5,338,179</u>

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**TOWN OF HARTFORD, VERMONT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**QUECHEE WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 721,321	\$ -	\$ -	\$ -	\$ 721,321
Rents and other income	2,588	8,269	-	-	10,857
Total Operating Revenues	<u>723,909</u>	<u>8,269</u>	<u>-</u>	<u>-</u>	<u>732,178</u>
<b>OPERATING EXPENSES</b>					
Personal services	288,893	-	-	-	288,893
Administration expenses	12,689	-	-	-	12,689
Utilities	56,621	-	-	-	56,621
Contract services	68,103	-	-	-	68,103
Equipment operation	10,871	-	-	-	10,871
Repairs and maintenance	10,231	-	-	-	10,231
Materials and supplies	24,240	-	-	-	24,240
Insurance expense	4,084	-	-	-	4,084
Small equipment	4,720	-	-	-	4,720
Depreciation	-	-	-	442,774	442,774
Total Operating Expenses	<u>480,452</u>	<u>-</u>	<u>-</u>	<u>442,774</u>	<u>923,226</u>
Operating Income (Loss)	<u>243,457</u>	<u>8,269</u>	<u>-</u>	<u>(442,774)</u>	<u>(191,048)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capital grant revenues	942,256	-	-	-	942,256
Interest revenue	1,505	491	842	220	3,058
Interest expense	(25,968)	-	-	-	(25,968)
Total Nonoperating Revenues (Expenses)	<u>917,793</u>	<u>491</u>	<u>842</u>	<u>220</u>	<u>919,346</u>
Income (Loss) Before Transfers	<u>1,161,250</u>	<u>8,760</u>	<u>842</u>	<u>(442,554)</u>	<u>728,298</u>
<b>TRANSFERS</b>					
Transfers in	-	-	29,350	2,167,894	2,197,244
Transfers out	(2,197,244)	-	-	-	(2,197,244)
Total Transfers	<u>(2,197,244)</u>	<u>-</u>	<u>29,350</u>	<u>2,167,894</u>	<u>-</u>
Change in Net Assets	(1,035,994)	8,760	30,192	1,725,340	728,298
Total Net Assets - July 1, 2009	<u>329,773</u>	<u>188,947</u>	<u>316,388</u>	<u>6,233,554</u>	<u>7,068,662</u>
Total Net Assets - June 30, 2010	<u>\$ (706,221)</u>	<u>\$ 197,707</u>	<u>\$ 346,580</u>	<u>\$ 7,958,894</u>	<u>\$ 7,796,960</u>

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**TOWN OF HARTFORD, VERMONT  
COMBINING SCHEDULE OF CASH FLOWS  
WATER AND WASTEWATER FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	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	\$ 984,305	\$ 327,339	\$ 1,311,644	\$ 1,151,531	\$ 743,461	\$ 1,894,992
Cash paid to employees	(364,252)	(122,243)	(486,495)	(468,044)	(268,132)	(736,176)
Cash paid to suppliers	(212,069)	(77,028)	(289,097)	(542,732)	(338,394)	(881,126)
Net cash provided (used) by operating activities	<u>407,984</u>	<u>128,068</u>	<u>536,052</u>	<u>140,755</u>	<u>136,935</u>	<u>277,690</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	31,194	-	31,194	-	-	-
Transfers to other funds	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>31,194</u>	<u>-</u>	<u>31,194</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Subsidies from government grants	-	-	-	615,699	618,136	1,233,835
Principal payments - bonds and notes	(215,373)	(15,000)	(230,373)	-	(75,000)	(75,000)
Interest paid	(91,832)	(5,246)	(97,078)	-	(26,231)	(26,231)
Purchase of capital assets	(931,418)	(131,966)	(1,063,384)	(1,189,845)	(1,018,575)	(2,208,420)
Net cash provided (used) by capital and related financing activities	<u>(1,238,623)</u>	<u>(152,212)</u>	<u>(1,390,835)</u>	<u>(574,146)</u>	<u>(501,670)</u>	<u>(1,075,816)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	5,011	1,409	6,420	4,227	3,058	7,285
Net cash provided (used) by investing activities	<u>5,011</u>	<u>1,409</u>	<u>6,420</u>	<u>4,227</u>	<u>3,058</u>	<u>7,285</u>
Net increase (decrease) in cash and equivalents	(794,434)	(22,735)	(817,169)	(429,164)	(361,677)	(790,841)
Cash and equivalents - July 1, 2009	1,501,073	420,618	1,921,691	1,323,705	985,969	2,309,674
Cash and equivalents - June 30, 2010	<u>\$ 706,639</u>	<u>\$ 397,883</u>	<u>\$ 1,104,522</u>	<u>\$ 894,541</u>	<u>\$ 624,292</u>	<u>\$ 1,518,833</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>						
Operating income	\$ 211,685	\$ 32,763	\$ 244,448	\$ 66,950	\$ (191,048)	\$ (124,098)
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation	200,148	84,128	284,276	182,981	442,774	625,755
(Increase) decrease in accounts receivable	2,373	(3,821)	(1,448)	(4,226)	11,283	7,057
Increase (decrease) in accounts payable	(22,555)	9,263	(13,292)	(126,687)	(146,835)	(273,522)
Increase (decrease) in accrued expenses	16,333	5,735	22,068	21,737	20,761	42,498
Total adjustments	<u>196,299</u>	<u>95,305</u>	<u>291,604</u>	<u>73,805</u>	<u>327,983</u>	<u>401,788</u>
Net cash provided (used) by operating activities	<u>\$ 407,984</u>	<u>\$ 128,068</u>	<u>\$ 536,052</u>	<u>\$ 140,755</u>	<u>\$ 136,935</u>	<u>\$ 277,690</u>

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**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, 2010**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 254,220	\$ 182,526	\$ (71,694)
Rents and other income	5,000	53,200	48,200
Total Operating Revenues	259,220	235,726	(23,494)
<b>OPERATING EXPENSES</b>			
Personal services	90,763	81,221	9,542
Utilities	58,930	52,377	6,553
Contract services	8,900	16,689	(7,789)
Equipment operation	4,400	4,869	(469)
Materials and supplies	2,900	5,592	(2,692)
Insurance expense	4,535	4,761	(226)
Small equipment	600	-	600
Debt service	17,719	17,193	526
Capital reserve	54,000	-	54,000
Capital outlay	16,000	-	16,000
Total Operating Expenses	258,747	182,702	76,045
Change in Net Assets	\$ 473	\$ 53,024	\$ 52,551

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

Change in Net Assets - Budgetary Basis	\$ 53,024
Depreciation Expense	(17,318)
Principal Payments on Bonds and Leases	15,000
Interest Income	83
Change in Net Assets - GAAP Basis	\$ 50,789

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**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, 2010**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 726,576	\$ 691,745	\$ (34,831)
Rents and other income	<u>184,500</u>	<u>195,349</u>	<u>10,849</u>
Total Operating Revenues	<u>911,076</u>	<u>887,094</u>	<u>(23,982)</u>
<b>OPERATING EXPENSES</b>			
Personal services	293,628	304,300	(10,672)
Administration expenses	8,070	4,897	3,173
Utilities	16,180	12,743	3,437
Contract services	506,242	458,779	47,463
Postclosure care costs	24,000	23,325	675
Franchise tax	10,200	8,066	2,134
Waste generation fee	11,080	7,435	3,645
Equipment operation	9,935	5,959	3,976
Repairs and maintenance	11,000	7,179	3,821
Materials and supplies	6,450	7,716	(1,266)
Insurance expense	3,963	4,832	(869)
Small equipment	3,800	6,424	(2,624)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>904,548</u>	<u>851,655</u>	<u>52,893</u>
Change in Net Assets	<u>\$ 6,528</u>	<u>\$ 35,439</u>	<u>\$ 28,911</u>

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

Change in Net Assets - Budgetary Basis	\$ 35,439
Depreciation Expense	(67,563)
Purchase of Capital Assets	-
Landfill Closure Costs	23,000
Transfers to/(from) Closure Reserve Fund	(23,325)
Interest Income	<u>1,610</u>
Change in Net Assets - GAAP Basis	<u>\$ (30,839)</u>

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**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, 2010**

	<u>Budgeted</u> Amounts	<u>Actual</u> Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,015,426	\$ 971,725	\$ (43,701)
Rents and other income	<u>682,444</u>	<u>537,433</u>	<u>(145,011)</u>
Total Operating Revenues	<u>1,697,870</u>	<u>1,509,158</u>	<u>(188,712)</u>
<b>OPERATING EXPENSES</b>			
Personal services	351,325	380,585	(29,260)
Administration expenses	20,600	18,832	1,768
Utilities	81,430	66,983	14,447
Contract services	38,800	12,869	25,931
Equipment operation	12,875	8,423	4,452
Repairs and maintenance	45,300	27,321	17,979
Materials and supplies	41,200	38,201	2,999
Insurance expense	7,454	7,919	(465)
Small equipment	6,350	8,966	(2,616)
Debt service	276,012	306,284	(30,272)
Capital reserve	-	-	-
Capital outlay	<u>800,000</u>	<u>1,054,573</u>	<u>(254,573)</u>
Total Operating Expenses	<u>1,681,346</u>	<u>1,930,956</u>	<u>(249,610)</u>
Change in Net Assets	<u>\$ 16,524</u>	<u>\$ (421,798)</u>	<u>\$ (438,322)</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS</b>			
<b>TO CHANGE IN NET ASSETS - GAAP BASIS</b>			
Change in Net Assets - Budgetary Basis		\$ (421,798)	
Depreciation Expense		(200,148)	
Purchase of Capital Assets		1,054,573	
Principal Payments on Bonds and Leases		215,373	
Transfers to/(from) Impact Fee Funds		-	
Transfers to/(from) Capital Reserve Funds		-	
Transfers to/(from) Investment in Capital Assets		-	
Developer contributions		-	
Impact Fee Income		8,170	
Interest Income		1,850	
Capital Contributions		<u>561,541</u>	
Change in Net Assets - GAAP Basis		<u>\$ 1,219,561</u>	

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**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, 2010**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 322,058	\$ 328,179	\$ 6,121
Rents and other	91,000	138,615	47,615
Total Operating Revenues	413,058	466,794	53,736
<b>OPERATING EXPENSES</b>			
Personal services	153,212	127,978	25,234
Administration expenses	5,350	4,887	463
Utilities	34,954	28,646	6,308
Contract services	37,000	20,884	16,116
Equipment operation	5,760	3,733	2,027
Repairs and maintenance	66,300	14,820	51,480
Materials and supplies	4,300	7,302	(3,002)
Insurance expense	1,781	1,906	(125)
Small equipment	11,550	4,112	7,438
Debt service	20,246	20,194	52
Capital reserve	-	457	(457)
Capital outlay	67,000	182,045	(115,045)
Total Operating Expenses	407,453	416,964	(9,511)
Change in Net Assets	\$ 5,605	\$ 49,830	\$ 44,225

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

Change in Net Assets - Budgetary Basis	\$ 49,830
Depreciation Expense	(84,128)
Purchase of Capital Assets	182,045
Principal Payments on Bonds and Leases	15,000
Transfers to/(from) Capital Reserve Funds	457
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	1,397
Interest Income	580
Change in Net Assets - GAAP Basis	\$ 165,181

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**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, 2010**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,172,885	\$ 1,124,453	\$ (48,432)
Rents and other income	62,000	1,020,068	958,068
Total Operating Revenues	1,234,885	2,144,521	909,636
<b>OPERATING EXPENSES</b>			
Personal services	551,264	489,781	61,483
Administration expenses	12,375	11,731	644
Utilities	190,355	171,907	18,448
Contract services	116,400	77,930	38,470
Equipment operation	53,288	15,109	38,179
Repairs and maintenance	76,200	68,723	7,477
Materials and supplies	42,100	44,843	(2,743)
Insurance expense	14,759	15,853	(1,094)
Small equipment	6,150	9,949	(3,799)
Capital reserve	67,000	67,000	-
Capital outlay	94,000	2,091,151	(1,997,151)
Total Operating Expenses	1,223,891	3,063,977	(1,840,086)
Change in Net Assets	\$ 10,994	\$ (919,456)	\$ (930,450)
<b>RECONCILIATION OF CHANGE IN NET ASSETS - BUDGETARY BASIS TO CHANGE IN NET ASSETS - GAAP BASIS</b>			
Change in Net Assets - Budgetary Basis		\$ (919,456)	
Depreciation Expense		(182,981)	
Purchase of Capital Assets		2,091,151	
Transfers to/(from) Capital Reserve Funds		67,000	
Transfers to/(from) Impact Fee Funds		(22,174)	
Impact Fee Income		25,724	
Interest Income		2,165	
Capital Contributions		547,258	
Change in Net Assets - GAAP Basis		\$ 1,608,687	

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**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, 2010**

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 695,359	\$ 721,321	\$ 25,962
Rents and other income	42,000	946,349	904,349
Total Operating Revenues	737,359	1,667,670	930,311
<b>OPERATING EXPENSES</b>			
Personal services	304,125	288,893	15,232
Administration expenses	13,450	12,689	761
Utilities	60,075	56,621	3,454
Contract services	101,000	68,103	32,897
Equipment operation	21,263	10,871	10,392
Repairs and maintenance	25,000	10,231	14,769
Materials and supplies	25,700	24,240	1,460
Insurance expense	3,778	4,084	(306)
Small equipment	10,850	4,720	6,130
Debt service	101,231	100,968	263
Capital reserve	29,350	29,350	-
Capital outlay	40,000	2,092,894	(2,052,894)
Total Operating Expenses	735,822	2,703,664	(1,967,842)
Change in Net Assets	\$ 1,537	\$ (1,035,994)	\$ (1,037,531)

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

Change in Net Assets - Budgetary Basis	\$ (1,035,994)
Depreciation Expense	(442,774)
Purchase of Capital Assets	2,092,894
Principal Payments on Bonds and Leases	75,000
Transfers to/(from) Capital Reserve Funds	29,350
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	8,269
Interest Income	1,553
Change in Net Assets - GAAP Basis	\$ 728,298

See Disclaimer in Accompanying Independent Auditor's Report.