

TOWN OF HARTFORD, VERMONT

AUDIT REPORT

JUNE 30, 2012

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AUDIT REPORT
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Independent Auditor's Report

To the Board of Selectmen
Town of Hartford, Vermont

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hartford, Vermont, as of and for the year ended June 30, 2012, 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 and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that 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.

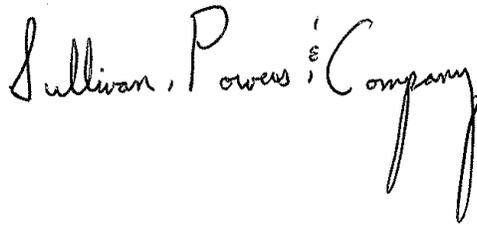
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hartford, Vermont, as of June 30, 2012, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the budgetary comparison for the General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 ó 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.

In accordance with óGovernment Auditing Standardsö, we have also issued our report dated December 21, 2012 on our consideration of the Town of Hartford, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit conducted in accordance with óGovernment Auditing Standardsö and should be considered in assessing the results of our audit.

December 21, 2012
Montpelier, Vermont
Vt Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized initial 'S' and a long, sweeping underline.

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, 2012. 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 \$44,930,849 (*net assets*). Of this amount, \$6,301,153 (*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 \$310,946. Of this amount, net assets attributable to governmental activities increased by \$406,841, and net assets attributable to business-type activities decreased by \$95,895.
- As of the close of the current fiscal year, the Town of Hartford's governmental funds reported combined ending fund balances of \$5,781,304, a decrease of \$892,908 in comparison with the prior year. Of this total amount, \$629,706 is *available for spending* at the government's discretion. Of this balance, \$720,305 represents negative fund balances for funds where revenues were received after June 30, 2012, and \$1,350,011 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,350,011 or 10.2 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 general fund regular expenditures and operating transfers, or \$1,323,975 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, 2014.

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 sixteen individual governmental funds, including the General Fund, four Special Revenue Funds, nine 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 and the Hurricane Irene Fund, which are considered to be a major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 non-major 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 7,764,071	\$ 7,667,460	\$ 6,330,440	\$ 5,683,947	\$ 14,094,511	\$ 13,351,407
Capital assets	<u>22,019,256</u>	<u>21,141,337</u>	<u>30,875,989</u>	<u>30,880,127</u>	<u>52,895,245</u>	<u>52,021,464</u>
Total Assets	<u>29,783,327</u>	<u>28,808,797</u>	<u>37,206,429</u>	<u>36,564,074</u>	<u>66,989,756</u>	<u>65,372,871</u>
Long-term liabilities outstanding	3,488,619	3,383,329	15,923,316	14,174,176	19,411,935	17,557,505
Other liabilities	<u>1,636,466</u>	<u>1,174,067</u>	<u>1,010,506</u>	<u>2,021,396</u>	<u>2,646,972</u>	<u>3,195,463</u>
Total Liabilities	<u>5,125,085</u>	<u>4,557,396</u>	<u>16,933,822</u>	<u>16,195,572</u>	<u>22,058,907</u>	<u>20,752,968</u>
Net Assets						
Invested in capital assets, net of related debt	20,238,216	19,175,461	15,107,523	16,019,130	35,345,739	35,194,591
Restricted	2,223,943	2,731,295	1,060,014	1,050,297	3,283,957	3,781,592
Unrestricted	<u>2,196,083</u>	<u>2,344,645</u>	<u>4,105,070</u>	<u>3,299,075</u>	<u>6,301,153</u>	<u>5,643,720</u>
Total Net Assets	<u>\$ 24,658,242</u>	<u>\$ 24,251,401</u>	<u>\$ 20,272,607</u>	<u>\$ 20,368,502</u>	<u>\$ 44,930,849</u>	<u>\$ 44,619,903</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 \$44,930,849 at the close of the most recent fiscal year.

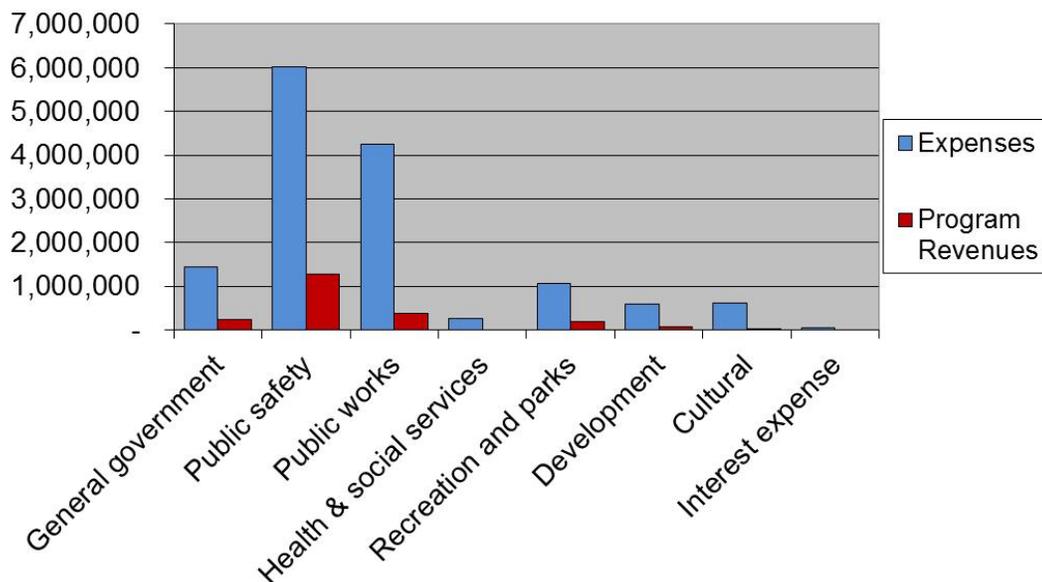
By far the largest portion of the Town of Hartford's net assets (79%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Hartford uses these capital assets to provide 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* (\$6,301,153) 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 \$406,841 during the current fiscal year. Investment in capital assets, net of related debt, increased by \$1,062,755. This increase resulted from the net effect of a decrease as a result of depreciation exceeding capital outlays expense by \$881,328, an increase as a result of principal payments on long-term bonds, notes, and leases of \$202,066, and a \$20,639 change in retainage payable. Restricted net assets decreased by \$507,352, primarily as a result of pay out of impact fees to the school and use of Maxfield Property funds which both decreased the amount restricted. Unrestricted net assets decreased by \$148,562, primarily as a result of created contributions of assets to the restricted category.

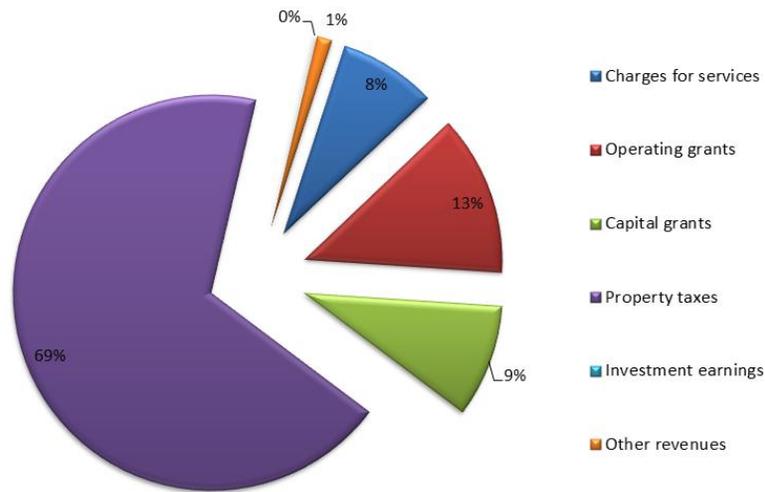
Expenses and Program Revenues - Governmental Activities



TOWN OF HARTFORD, VERMONT'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 1,188,295	\$ 1,080,881	\$ 4,373,375	\$ 4,136,846	\$ 5,561,670	\$ 5,217,727
Operating grants and contributions	1,948,987	822,379	219,693	4,852	2,168,680	827,231
Capital grants and contributions	1,376,618	226,734	-	-	1,376,618	226,734
General revenues						
Property taxes	10,195,119	10,516,674	-	-	10,195,119	10,516,674
Unrestricted investment earnings	15,181	20,875	1,701	17,540	16,882	38,415
Other revenues	186,292	256,030	70,883	-	257,175	256,030
Total Revenues	14,910,492	12,923,573	4,665,652	4,159,238	19,576,144	17,082,811
Expenses						
Governmental activities						
General government						
Administration	705,490	783,920	-	-	705,490	783,920
Elections and vital statistics	150,775	173,731	-	-	150,775	173,731
Finance	396,849	338,367	-	-	396,849	338,367
Valuation	191,393	192,705	-	-	191,393	192,705
Public safety						
Police	2,524,202	2,439,384	-	-	2,524,202	2,439,384
Fire and ambulance	2,819,565	2,754,876	-	-	2,819,565	2,754,876
Dispatch	671,409	662,283	-	-	671,409	662,283
Public works						
Highways	4,068,137	3,208,529	-	-	4,068,137	3,208,529
Public works administration	174,541	108,512	-	-	174,541	108,512
Health and social services						
Health and social services	255,821	258,891	-	-	255,821	258,891
Recreation and parks						
Recreation administration	183,384	200,480	-	-	183,384	200,480
Recreation programs	309,571	299,097	-	-	309,571	299,097
Parks	576,322	294,495	-	-	576,322	294,495
Conservation and development						
Conservation and development	600,520	528,671	-	-	600,520	528,671
Cultural						
Cultural	605,248	255,007	-	-	605,248	255,007
Education						
Education	-	10	-	-	-	10
Interest on long-term debt	38,974	42,807	-	-	38,974	42,807
Business-type activities						
Outdoor facilities	-	-	193,511	185,388	193,511	185,388
Solid waste	-	-	903,486	856,217	903,486	856,217
Water and wastewater	-	-	3,896,000	3,234,763	3,896,000	3,234,763
Total Expenses	14,272,201	12,541,765	4,992,997	4,276,368	19,265,198	16,818,133
Change in net assets before transfers	638,291	381,808	(327,345)	(117,130)	310,946	264,678
Transfers	(231,450)	(235,063)	231,450	235,063	-	-
Change in net assets	406,841	146,745	(95,895)	117,933	310,946	264,678
Net assets - beginning of year	24,251,401	24,104,656	20,368,502	20,250,569	44,619,903	44,355,225
Net assets - end of year	<u>\$ 24,658,242</u>	<u>\$ 24,251,401</u>	<u>\$ 20,272,607</u>	<u>\$ 20,368,502</u>	<u>\$ 44,930,849</u>	<u>\$ 44,619,903</u>

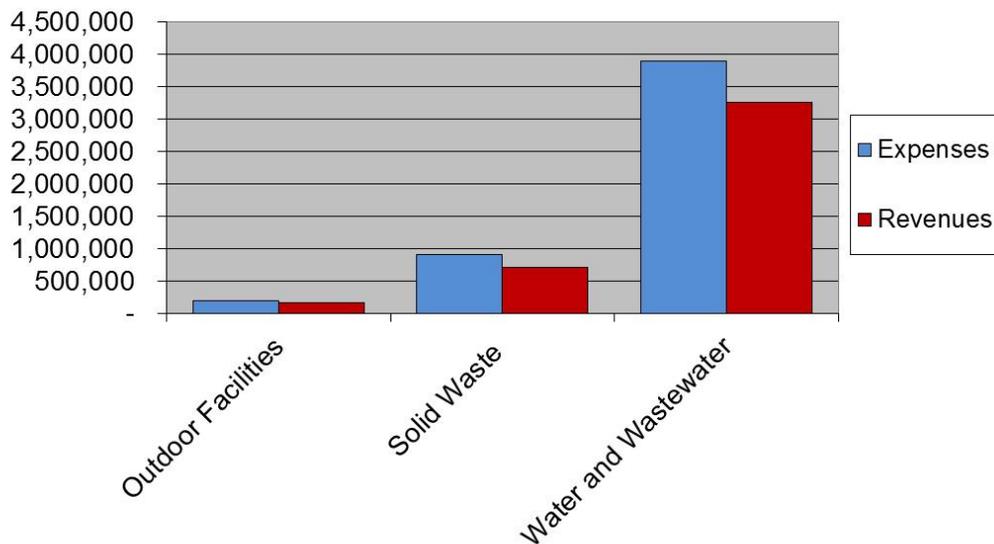
Revenues by Source - Governmental Activities



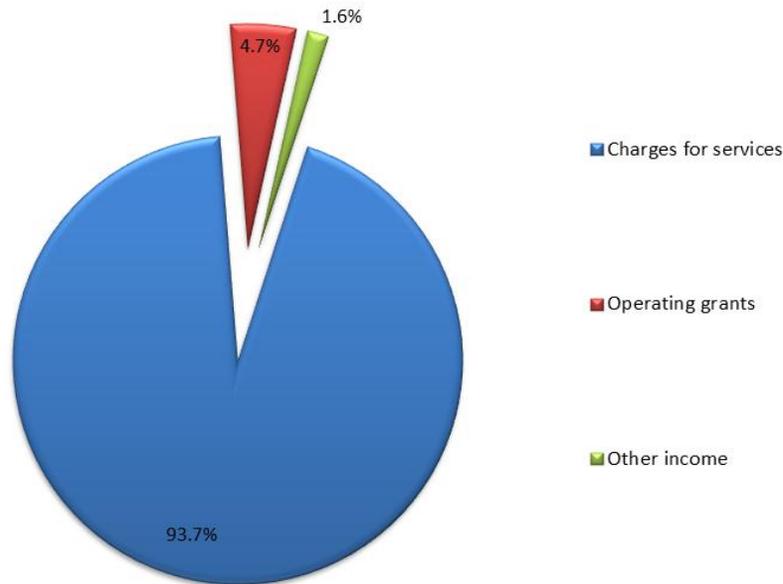
Business-type activities. Business-type activities decreased the Town of Hartford’s net assets by \$95,895 during the current fiscal year. Key elements of this change are as follows:

- Charges for services increased by 5.7%. Charges for services in the Water Fund remained relatively stable. Charges for services in the Wastewater Fund increased by 14.0%. Charges for services in the Solid Waste Fund increased by 4.4%.
- Operating expenses (before depreciation) increased by 6.4%.
- Total depreciation expense for business-type activities is \$1,589,438, a 53% increase from the prior year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



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 \$5,781,304, an decrease of \$892,908 in comparison to the prior year. Of this total amount, \$30,212 is non-spendable (permanent fund principal and equipment deposit) and \$2,193,731 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, \$2,927,655 has been assigned by the Town for various purposes, and \$629,706 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 \$1,350,011, and assigned fund balance was \$2,220,207. 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 8.8 percent of general fund expenditures and operating transfers, while total fund balance represents 23.5 percent of that same amount.

The fund balance of the Town of Hartford's general fund decreased by \$572,392 during the current fiscal year. Key factors in this change are as follows:

- The Town recognized an expenditure of \$369,772 for impact fee paid to the school
- Transfers to other funds included \$266,533 to the Debt Service Fund, \$154,500 to the Solid Waste Fund, and \$50,000 to the Outdoor Facilities Fund.

- The Town transferred \$103,000 to the Quechee Bridge Capital Project Fund which is outside the general fund
- The Town transferred \$441,000 to the W. Hartford Library Capital Project Fund which is outside the general fund

On August 28, 2011, the State of Vermont, including the Town of Hartford, was struck by Tropical Storm Irene, causing catastrophic damage to several areas of the Town. A new capital project fund was setup to track revenue and expenditures related to the hurricane. The fund deficit of this fund was \$338,893 as of June 30, 2012 due to revenue lagging behind expenditures significantly.

Special revenue funds consist primarily of community development funds (\$436,341) and impact fee funds (\$146,904). 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. In addition, three new capital project funds were established during 2012. One for tracking construction of the new Quechee Bridge, one for tracking construction of the new W. Hartford Library, and one major fund for Hurricane Irene(see above). 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 \$421,815 and those of the Water Fund amounted to \$1,367,104. Unrestricted net assets of the Outdoor Facilities Fund amounted to \$65,469 and those of the Wastewater Fund amounted to \$2,250,682. Unrestricted net assets of the Solid Waste Fund increased by \$44,802, those of the Water Fund decreased \$189,642 and those of the Wastewater Fund increased by \$913,636. Unrestricted net assets of the Outdoor Facilities Fund increased by \$37,199. 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:

- Intergovernmental revenue was \$524,064(91%) higher than budgeted. This is the result of several new additional grants that were recognized during the year.
- The Town recognized an unbudgeted expenditure of \$369,772 for impact fee paid to the school
- Revenue for delinquent tax penalties was \$36,528 below budget because significantly more taxpayers paid their tax on time compared to the prior year
- Interest income was below budget by \$13,413.
- Highway capital expenditures were over budget by \$88,203

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, 2012, amounted to \$35,345,739 (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 5.5 percent for governmental activities, and decreased 5.7 percent for business-type activities.

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

- Engineering and design for the new Quechee Bridge(\$221,869)

- Public Safety communication equipment paid primarily through grant(\$242,279)
- 11/12 Paving(\$907,405)
- Hartford Village Bridge repairs(\$232,919)
- Upgrades to the wastewater treatment facilities were continued (\$1,239,982)
- Norwich Ave sidewalks(\$135,422)
- New 2012 Ambulance(\$148,239)
- 2012 Freightliner 114SD(\$163,443)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 778,976	\$ 643,976	\$ 414,158	\$ 414,158	\$ 1,193,134	\$ 1,058,134
Land improvements	602,423	629,414	93,222	99,827	695,645	729,241
Buildings and improvements	2,368,913	2,441,103	17,902,528	3,049,134	20,271,441	5,490,237
Vehicles and equipment	2,934,991	2,621,245	236,825	154,491	3,171,816	2,775,736
Roads, bridges and sidewalks	13,754,514	13,554,958	-	-	13,754,514	13,554,958
Distribution and collection systems	-	-	12,225,256	11,082,503	12,225,256	11,082,503
Construction in progress	1,579,440	1,250,641	4,000	16,080,017	1,583,440	17,330,658
Total Assets	<u>\$ 22,019,257</u>	<u>\$ 21,141,337</u>	<u>\$ 30,875,989</u>	<u>\$ 30,880,130</u>	<u>\$ 52,895,246</u>	<u>\$ 52,021,467</u>

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 \$17,199,567. Of this amount, \$1,305,000 represents bonded debt backed by the full faith and credit of the Town, and \$15,894,567 represents revolving loans issued by the State of Vermont.

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Bonds payable	\$ 840,000	\$ 945,000	\$ 465,000	\$ 690,000	\$ 1,305,000	\$ 1,635,000
Revolving loans payable	923,814	1,020,880	14,970,753	13,460,076	15,894,567	14,480,956
Totals	<u>\$ 1,763,814</u>	<u>\$ 1,965,880</u>	<u>\$ 15,435,753</u>	<u>\$ 14,150,076</u>	<u>\$ 17,199,567</u>	<u>\$ 16,115,956</u>

The Town of Hartford's total debt increased by \$1,083,611 during the year, reflecting repayments on existing debt of \$839,339 and new revolving loan debt within the water and wastewater funds of \$1,922,951.

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 \$137,229,450 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 3.3 percent, down from 3.7 percent one year ago. This compares with a 4.6 percent rate state-wide, up from 5.6 percent statewide one year ago.
- Health insurance rates have increased significantly as a result of several factors affecting the healthcare industry

- Restricted, assigned and designated funds at the end of June 30, 2012, amounted to \$10,258,535. 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 \$250,000. This amount is available for appropriation in future years to reduce the amount that is required to be raised by property taxes.
- Recent data on Vermont economic conditions indicate that the performance of the Vermont economy has generally outperformed the developments in the U.S. economy overall during the past 12 to 18 months.

All of these factors were considered in preparing the Town of Hartford's budget for the 2014 fiscal year.

The Town of Hartford approved a general fund budget for fiscal year 2013 in the amount of \$13,446,232. This represents an increase of \$888,628 or 7.1 percent over the approved budget for the previous year. The Town will utilize \$735,000 in assigned capital funds and \$250,000 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.

Any increases to Town of Hartford rates were approved by the Selectboard on January 24, 2012 and were effective July 1, 2012. Rates for the Outdoor Facilities Fund were not increased. Rates for the Solid Waste Fund were not increased. Within the Water Fund, the usage fee per 100 cubic feet of water increased approximately 1% and the base rates and flat rates also increased approximately 1%. Within the Wastewater Fund, the Hartford Wastewater Usage Fee(Unmetered) increased by approx. 11.7% and the Quechee Wastewater Usage Fee(Unmetered) increased by approx 14.1%. In addition, the quarterly Hartford Wastewater base rate increased from \$37.53 to \$49.56 and the quarterly Quechee Wastewater base rate increased from \$79.76 to \$100.94.

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, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,717,550	\$ 5,339,808	\$ 11,057,358
Investments	11,491	-	11,491
Receivables (net of allowance for uncollectible accounts)			
Taxes receivable	224,662	-	224,662
Accounts receivable	62,603	789,091	851,694
Notes receivable	176,523	-	176,523
Due from other governments	1,198,186	201,541	1,399,727
Deposits	3,044	-	3,044
Restricted assets			
Cash and cash equivalents	370,012	-	370,012
Capital assets (net of accumulated depreciation)			
Land and land improvements	1,381,399	507,381	1,888,780
Buildings and building improvements	2,368,914	17,902,529	20,271,443
Vehicles and equipment	2,934,990	236,825	3,171,815
Roads, bridges and sidewalks	13,754,514	-	13,754,514
Distribution and collection systems	-	12,225,254	12,225,254
Construction in progress	1,579,439	4,000	1,583,439
	<u>29,783,327</u>	<u>37,206,429</u>	<u>66,989,756</u>
Total Assets			
LIABILITIES			
Accounts payable	440,828	222,663	663,491
Accrued payroll and benefits payable	166,407	35,218	201,625
Accrued compensated absences payable	324,590	89,466	414,056
Accrued interest payable	3,098	17,899	20,997
Due to other governments	341,622	344,966	686,588
Unearned revenue	51,379	-	51,379
Noncurrent liabilities			
Due within one year	308,542	300,294	608,836
Due in more than one year	3,488,619	15,923,316	19,411,935
	<u>5,125,085</u>	<u>16,933,822</u>	<u>22,058,907</u>
Total Liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	20,238,216	15,107,523	35,345,739
Restricted for:			
Public safety	22,079	-	22,079
Impact fees	146,904	1,060,014	1,206,918
Recreation and parks	1,079,850	-	1,079,850
Community development	530,453	-	530,453
Debt service	370,013	-	370,013
Endowments and perpetual care			
Non-expendable	27,168	-	27,168
Expendable	3,112	-	3,112
Cultural	12,200	-	12,200
Other purposes	32,164	-	32,164
Unrestricted	2,196,083	4,105,070	6,301,153
	<u>24,658,242</u>	<u>20,272,607</u>	<u>44,930,849</u>
Total Net Assets			

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, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs						
Governmental activities						
General government						
Administration	\$ 705,490	\$ -	\$ 29,489	\$ -	(\$ 676,001)	\$ - (\$ 676,001)
Elections and vital statistics	150,775	132,482	-	-	(18,293)	(18,293)
Finance	396,849	15,078	-	-	(381,771)	(381,771)
Valuation	191,393	46	53,896	-	(137,451)	(137,451)
Public safety						
Police	2,524,202	44,696	362,507	19,292	(2,097,707)	(2,097,707)
Fire and ambulance	2,819,565	439,030	54,334	256,803	(2,069,398)	(2,069,398)
Dispatch	671,409	343,161	-	-	(328,248)	(328,248)
Public works						
Highways	4,068,137	11,036	1,141,348	701,181	(2,214,572)	(2,214,572)
Public works administration	174,541	-	-	-	(174,541)	(174,541)
Health and social services						
Health and social services	255,821	-	-	-	(255,821)	(255,821)
Recreation and parks						
Recreation administration	183,384	-	-	-	(183,384)	(183,384)
Recreation programs	309,571	182,990	10,667	-	(115,914)	(115,914)
Parks	576,322	-	267,007	22,406	(286,909)	(286,909)
Conservation and development						
Conservation and development	600,520	19,776	29,739	119,805	(431,200)	(431,200)
Cultural	605,248	-	-	257,131	(348,117)	(348,117)
Interest on long-term debt	38,974	-	-	-	(38,974)	(38,974)
Total governmental activities	<u>14,272,201</u>	<u>1,188,295</u>	<u>1,948,987</u>	<u>1,376,618</u>	<u>(9,758,301)</u>	<u>(9,758,301)</u>
Business-type activities						
Outdoor facilities	193,511	179,618	-	-	(13,893)	(13,893)
Solid waste	903,486	730,222	2,376	-	(170,888)	(170,888)
Water and wastewater	3,896,000	3,463,535	217,317	-	(215,148)	(215,148)
Total business-type activities	<u>4,992,997</u>	<u>4,373,375</u>	<u>219,693</u>	<u>-</u>	<u>(399,929)</u>	<u>(399,929)</u>
Total primary government	<u>\$ 19,265,198</u>	<u>\$ 5,561,670</u>	<u>\$ 2,168,680</u>	<u>\$ 1,376,618</u>	<u>(9,758,301)</u>	<u>(399,929)</u> (10,158,230)
General revenues:						
Property taxes					10,195,119	10,195,119
Unrestricted investment earnings					15,181	16,882
Other revenues					186,292	257,175
Transfers					(231,450)	231,450
Total general revenues and transfers					<u>10,165,142</u>	<u>304,034</u> 10,469,176
Change in net assets					406,841	(95,895) 310,946
Net assets, July 1, 2011					<u>24,251,401</u>	<u>20,368,502</u> 44,619,903
Net assets, June 30, 2012					<u>\$ 24,658,242</u>	<u>\$ 20,272,607</u> \$ 44,930,849

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

TOWN OF HARTFORD, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Hurricane Irene Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 3,028,433	\$ -	\$ 2,689,117	\$ 5,717,550
Investments	-	-	11,492	11,492
Receivables (net of allowances for uncollectible accounts)				
Taxes receivable	286,662	-	-	286,662
Accounts receivable	46,974	-	15,629	62,603
Notes receivable	-	-	176,523	176,523
Due from other governments	172,878	498,400	526,912	1,198,190
Due from other funds	723,965	-	32,086	756,051
Deposits	-	-	3,044	3,044
Restricted assets:				
Cash and equivalents	-	-	370,013	370,013
Total Assets	<u>4,258,912</u>	<u>498,400</u>	<u>3,824,816</u>	<u>8,582,128</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	239,131	97,337	104,360	440,828
Accrued payroll and benefits payable	166,407	-	-	166,407
Due to other governments	-	-	341,622	341,622
Due to other funds	36,002	367,073	352,976	756,051
Deferred revenue	247,154	372,883	475,879	1,095,916
Total Liabilities	<u>688,694</u>	<u>837,293</u>	<u>1,274,837</u>	<u>2,800,824</u>
Fund balances				
Non-spendable				
Permanent fund principal	-	-	27,168	27,168
Deposits	-	-	3,044	3,044
Restricted for				
Public safety	-	-	22,079	22,079
Impact fees	-	-	146,904	146,904
Recreation and parks	-	-	1,079,850	1,079,850
Community development	-	-	530,453	530,453
Debt service	-	-	370,013	370,013
Endowments - Expendable	-	-	3,112	3,112
Cultural	-	-	12,200	12,200
Other	-	-	29,120	29,120
Assigned for				
General government	1,262,779	-	-	1,262,779
Public safety	183,830	-	-	183,830
Public works	382,098	-	51,985	434,083
Health and social services	8,509	-	-	8,509
Recreation and parks	139,277	-	-	139,277
Conservation and development	243,714	-	-	243,714
Cultural	-	-	655,463	655,463
Unassigned, reported in:				
General fund	1,350,011	-	-	1,350,011
Hurricane Irene capital project fund	-	(338,893)	-	(338,893)
Special revenue funds	-	-	(147,954)	(147,954)
Capital projects funds	-	-	(233,458)	(233,458)
Total Fund Balances	<u>3,570,218</u>	<u>(338,893)</u>	<u>2,549,979</u>	<u>5,781,304</u>
Total Liabilities and Fund Balances	<u>\$ 4,258,912</u>	<u>\$ 498,400</u>	<u>\$ 3,824,816</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.	\$ 22,019,256
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	982,535
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,124,853)
Net assets of governmental activities	<u>\$ 24,658,242</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, 2012

	General Fund	Hurricane Irene Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 9,946,283	\$ -	\$ -	\$ 9,946,283
Tax penalties and interest	214,695	-	-	214,695
Permits and licenses	17,174	-	-	17,174
Intergovernmental revenues	1,088,404	858,464	515,918	2,462,786
Charges for current services	1,216,916	-	-	1,216,916
Fines and forfeits	10,444	-	-	10,444
Impact fees	-	-	762	762
Interest	5,047	-	10,135	15,182
Other revenues	162,015	13,987	33,072	209,074
	<u>12,660,978</u>	<u>872,451</u>	<u>559,887</u>	<u>14,093,316</u>
Total Revenues				
EXPENDITURES				
Current expenditures				
General government				
Administration	594,613	83,202	-	677,815
Elections and vital statistics	141,102	-	-	141,102
Finance	394,351	-	-	394,351
Valuation	180,213	-	-	180,213
Board and commissions	2,275	-	-	2,275
Public safety				
Police	2,338,160	871	5,477	2,344,508
Fire and ambulance	2,339,837	30,357	115,892	2,486,086
Dispatch	603,415	-	-	603,415
Public works				
Highways	1,638,698	710,120	-	2,348,818
Public works administration	173,374	-	-	173,374
Health and social services	251,247	-	-	251,247
Recreation and parks				
Recreation administration	172,486	-	-	172,486
Recreation programs	294,936	-	-	294,936
Parks	208,147	289,451	25,545	523,143
Conservation and development	442,606	-	89,116	531,722
Cultural	221,975	-	-	221,975
Education	-	-	369,772	369,772
Debt service expenditures				
Principal	-	-	202,066	202,066
Interest	-	-	39,197	39,197
Capital expenditures				
General government				
Administration	18,602	-	-	18,602
Public safety				
Police	83,274	-	19,292	102,566
Fire and ambulance	304,923	-	245,745	550,668
Dispatch	-	-	-	-
Public works				
Highways	1,817,562	119,749	293,338	2,230,649
Administration	-	-	-	-
Recreation and parks				
Parks	-	-	87,208	87,208
Conservation and development	-	-	49,267	49,267
Cultural	-	-	9,281	9,281
	<u>12,221,796</u>	<u>1,233,750</u>	<u>1,551,196</u>	<u>15,006,742</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	439,182	(361,299)	(991,309)	(913,426)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,946,600	-	806,761	2,753,361
Transfers out	(2,964,557)	-	(20,254)	(2,984,811)
Proceeds from sale of capital assets	5,843	-	-	5,843
Insurance proceeds	-	22,406	223,719	246,125
	<u>(1,012,114)</u>	<u>22,406</u>	<u>1,010,226</u>	<u>20,518</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(572,932)	(338,893)	18,917	(892,908)
Fund Balances - July 1, 2011	4,143,150	-	2,531,062	6,674,212
Fund Balances - June 30, 2012	\$ 3,570,218	(\$ 338,893)	\$ 2,549,979	\$ 5,781,304

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, 2012**

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)	(\$ 892,908)
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.	881,328
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	561,831
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental 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.	202,066
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>(345,476)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 406,841</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, 2012

	Major Funds			Non-major Fund	Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 926,154	\$ 1,535,166	\$ 2,808,996	\$ 69,492	\$ 5,339,808
Accounts receivable (net of allowance for uncollectible accounts)	33,293	245,174	508,588	2,036	789,091
Due from other governments	7,746	64,917	128,878	-	201,541
Due from other funds	60,302	-	-	-	60,302
Total Current Assets	<u>1,027,495</u>	<u>1,845,257</u>	<u>3,446,462</u>	<u>71,528</u>	<u>6,390,742</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	25,915,482	928,840	28,784,379
Vehicles and equipment	353,558	284,282	423,823	73,798	1,135,461
Distribution and collection systems	-	11,141,349	11,973,862	-	23,115,211
Construction in progress	-	-	-	4,000	4,000
Less accumulated depreciation	<u>(1,500,461)</u>	<u>(4,979,691)</u>	<u>(15,314,576)</u>	<u>(924,676)</u>	<u>(22,719,404)</u>
Total Noncurrent Assets	<u>790,178</u>	<u>6,760,100</u>	<u>23,243,749</u>	<u>81,962</u>	<u>30,875,989</u>
Total Assets	<u>1,817,673</u>	<u>8,605,357</u>	<u>26,690,211</u>	<u>153,490</u>	<u>37,266,731</u>
LIABILITIES					
Current Liabilities					
Accounts payable	66,159	28,158	127,868	478	222,663
Accrued payroll and benefits payable	5,575	9,248	14,880	5,515	35,218
Accrued compensated absences payable	12,335	28,946	48,185	-	89,466
Accrued interest payable	-	5,359	12,475	65	17,899
Due to other governments	-	174,705	170,261	-	344,966
Due to other funds	60,302	-	-	-	60,302
Accrued postclosure costs - current portion	23,000	-	-	-	23,000
Other post employment benefits - current portion	4,378	11,752	9,607	-	25,737
Bonds and notes payable - current portion	-	134,102	102,455	15,000	251,557
Total Current Liabilities	<u>171,749</u>	<u>392,270</u>	<u>485,731</u>	<u>21,058</u>	<u>1,070,808</u>
Noncurrent Liabilities					
Accrued postclosure costs	368,000	-	-	-	368,000
Other post employment benefits	65,930	98,904	206,287	-	371,121
Bonds and notes payable	-	1,975,913	13,208,282	-	15,184,195
Total Noncurrent Liabilities	<u>433,930</u>	<u>2,074,817</u>	<u>13,414,569</u>	<u>-</u>	<u>15,923,316</u>
Total Liabilities	<u>605,679</u>	<u>2,467,087</u>	<u>13,900,300</u>	<u>21,058</u>	<u>16,994,124</u>
NET ASSETS					
Investment in capital assets, net of related debt	790,179	4,475,379	9,775,002	66,963	15,107,523
Restricted	-	295,787	764,227	-	1,060,014
Unrestricted	<u>421,815</u>	<u>1,367,104</u>	<u>2,250,682</u>	<u>65,469</u>	<u>4,105,070</u>
Total Net Assets	<u>\$ 1,211,994</u>	<u>\$ 6,138,270</u>	<u>\$ 12,789,911</u>	<u>\$ 132,432</u>	<u>\$ 20,272,607</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, 2012

	Major Funds			Non-major Fund	Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
OPERATING REVENUES					
Charges for services	\$ 730,222	\$ 1,321,546	\$ 2,141,989	\$ 179,618	\$ 4,373,375
Rents and other income	13,188	11,077	42,286	4,332	70,883
Total Operating Revenues	<u>743,410</u>	<u>1,332,623</u>	<u>2,184,275</u>	<u>183,950</u>	<u>4,444,258</u>
OPERATING EXPENSES					
Personal services	323,990	500,989	791,803	104,407	1,721,189
Administration expenses	7,373	23,992	24,338	-	55,703
Utilities	13,636	165,096	234,015	52,590	465,337
Contract services	438,167	37,540	147,005	3,002	625,714
Postclosure care costs	(238)	-	-	-	(238)
Franchise tax	5,956	-	-	-	5,956
Waste generation fee	8,602	-	-	-	8,602
Equipment operation	9,542	17,734	29,881	5,785	62,942
Repairs and maintenance	10,018	38,902	49,255	-	98,175
Materials and supplies	7,213	65,540	79,994	5,027	157,774
Insurance expense	7,358	12,483	28,352	5,957	54,150
Small equipment	1,417	12,817	8,508	-	22,742
Depreciation	70,452	368,185	1,135,058	15,743	1,589,438
Total Operating Expenses	<u>903,486</u>	<u>1,243,278</u>	<u>2,528,209</u>	<u>192,511</u>	<u>4,867,484</u>
Operating Income (Loss)	<u>(160,076)</u>	<u>89,345</u>	<u>(343,934)</u>	<u>(8,561)</u>	<u>(423,226)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	2,376	76,042	141,275	-	219,693
Interest revenue	329	474	881	17	1,701
Interest expense	-	(69,876)	(30,379)	(1,000)	(101,255)
Other expense	-	-	(24,258)	-	(24,258)
Total Nonoperating Revenues (Expenses)	<u>2,705</u>	<u>6,640</u>	<u>87,519</u>	<u>(983)</u>	<u>95,881</u>
Income (Loss) Before Transfers	<u>(157,371)</u>	<u>95,985</u>	<u>(256,415)</u>	<u>(9,544)</u>	<u>(327,345)</u>
TRANSFERS					
Transfers in	226,288	1,028,403	353,005	108,000	1,715,696
Transfers out	(75,888)	(997,353)	(353,005)	(58,000)	(1,484,246)
Total Transfers	<u>150,400</u>	<u>31,050</u>	<u>-</u>	<u>50,000</u>	<u>231,450</u>
Change in Net Assets	<u>(6,971)</u>	<u>127,035</u>	<u>(256,415)</u>	<u>40,456</u>	<u>(95,895)</u>
Total Net Assets - July 1, 2011	<u>1,218,965</u>	<u>6,011,235</u>	<u>13,046,326</u>	<u>91,976</u>	<u>20,368,502</u>
Total Net Assets - June 30, 2012	<u>\$ 1,211,994</u>	<u>\$ 6,138,270</u>	<u>\$ 12,789,911</u>	<u>\$ 132,432</u>	<u>\$ 20,272,607</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, 2012

	Major Funds			Non-major Fund	Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 761,369	\$ 1,326,600	\$ 2,056,561	\$ 182,314	\$ 4,326,844
Cash paid to employees	(305,601)	(479,716)	(892,879)	(99,319)	(1,777,515)
Cash paid to suppliers	(572,674)	(390,394)	(1,020,417)	(72,313)	(2,055,798)
Net cash provided (used) by operating activities	(116,906)	456,490	143,265	10,682	493,531
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subsidies from government grants	2,376	-	-	-	2,376
Due from other funds	37,161	12,441	28,116	3,224	80,942
Due to other governments	(7,746)	-	-	-	(7,746)
Due to other funds	(18,772)	-	-	(5,727)	(24,499)
Transfers from other funds	150,400	31,050	-	50,000	231,450
Transfers to other funds	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	163,419	43,491	28,116	47,497	282,523
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Subsidies from government grants	-	26,802	12,397	-	39,199
Proceeds from issuance of debt	-	-	1,898,692	-	1,898,692
Principal payments - bonds and notes	-	(547,273)	(75,000)	(15,000)	(637,273)
Interest paid	-	(72,657)	(19,684)	(1,066)	(93,407)
Purchase of capital assets	(18,679)	(119,317)	(1,443,303)	(4,000)	(1,585,299)
Net cash provided (used) by capital and related financing activities	(18,679)	(712,445)	373,102	(20,066)	(378,088)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	329	474	881	17	1,701
Net cash provided (used) by investing activities	329	474	881	17	1,701
Net increase (decrease) in cash and equivalents	28,163	(211,990)	545,364	38,130	399,667
Cash and equivalents - July 1, 2011	897,991	1,747,156	2,263,632	31,362	4,940,141
Cash and equivalents - June 30, 2012	926,154	1,535,166	2,808,996	69,492	5,339,808
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	(160,076)	89,345	(343,934)	(8,561)	(423,226)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	70,452	368,186	1,135,058	15,743	1,589,439
(Increase) decrease in accounts receivable	17,959	(6,023)	(127,714)	(1,636)	(117,414)
Increase (decrease) in accounts payable	(40,630)	(16,287)	(562,216)	48	(619,085)
Increase (decrease) in accrued expenses	(4,611)	21,269	42,071	5,088	63,817
Increase (decrease) in deferred income	-	-	-	-	-
Total adjustments	43,170	367,145	487,199	19,243	916,757
Net cash provided (used) by operating activities	(\$ 116,906)	\$ 456,490	\$ 143,265	\$ 10,682	\$ 493,531

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

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 May 7, 2012. 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.

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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

B. Basis of Presentation (continued)

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 funds:

General Fund. This is the general operating fund of the Town. It accounts for all financial resources of the general government, except those not accounted for in another fund.

Hurricane Irene Fund. This fund is a capital project fund used to track all revenue and expenditures related to Hurricane Irene. Expenditures consist of various repair projects to restore damage from the Hurricane. Revenues consist of reimbursements from FEMA and from other sources.

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.

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 or committed 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, and Impact Fee Funds.

Capital Project Funds. These funds account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays 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, the Maxfield Project Fund, and three new funds, the Hurricane Irene Fund, the Quechee Bridge Fund, and the W. Hartford Library 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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

B. Basis of Presentation (continued)

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.

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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

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.

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."

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

F. Assets, Liabilities and Equity(continued)

3. Receivables(continued)

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, 2012, taxes became due and payable on August 12, 2011, and February 3, 2012. 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.

As of June 30, 2012, delinquent taxes receivable were \$286,662, net of a \$62,000 allowance for uncollectible taxes.

The tax rate for 2012 is as follows:

	<u>Homestead</u>	<u>Non-residential</u>
Homestead education tax	\$ 1.3918	\$ -
Non-residential education tax	-	1.4434
Town general fund appropriations	0.6979	0.6979
Town restricted appropriations	0.0088	0.0088
Windsor County tax	0.0110	0.0110
Local agreement tax	<u>0.0017</u>	<u>0.0017</u>
Total	<u>\$ 2.1112</u>	<u>\$ 2.1628</u>

The first installment of property taxes for the budget period from July 1, 2012, to June 30, 2013 is due and payable on August 10, 2012 and February 8, 2013. As of June 30, 2012, the Town had collected \$47,478 of those taxes. This amount is shown as deferred revenue at June 30, 2012, and will be recorded as revenue in August, 2012. Also included in deferred revenue is \$3,901 in miscellaneous revenues applicable to future periods in the General Fund. The total amount of deferred revenue for governmental activities is \$51,379.

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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

F. Assets, Liabilities and Equity(continued)

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. Seventeen years remain of the Town's obligation under the statutes. The Town's engineers estimated this liability at \$391,000. This liability has been recorded as an accrued expense as of June 30, 2012. A total of \$556,969 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.

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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

F. Assets, Liabilities and Equity(continued)

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 compensated absences and postemployment benefits. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund 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 net assets 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 or expense.

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, 2012

II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS(continued)

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	Elimination of Due To/From	Statement of Net Assets Total
ASSETS						
Cash and cash equivalents	\$ 5,717,550	\$ -	\$ -	\$ -	\$ -	\$ 5,717,550
Deposits	3,044	-	-	-	-	3,044
Investments	11,492	(1)	-	-	-	11,491
Receivables						
Taxes receivable	286,662	(62,000)	-	-	-	224,662
Accounts receivable	62,603	-	-	-	-	62,603
Notes receivable	176,523	-	-	-	-	176,523
Due from other governments	1,198,190	(4)	-	-	-	1,198,186
Due from other funds	756,051	-	-	-	(756,051)	-
Restricted assets						
Cash and equivalents	370,013	(1)	-	-	-	370,012
Capital assets	-	-	22,019,256	-	-	22,019,256
Total Assets	<u>8,582,128</u>	<u>(62,006)</u>	<u>22,019,256</u>	<u>-</u>	<u>(756,051)</u>	<u>29,783,327</u>
LIABILITIES						
Accounts payable	440,828	-	-	-	-	440,828
Accrued payroll and benefits payable	166,407	-	-	-	-	166,407
Accrued compensated absences payable	-	324,590	-	-	-	324,590
Accrued interest payable	-	3,098	-	-	-	3,098
Due to other funds	756,051	-	-	-	(756,051)	-
Due to other governments	341,622	-	-	-	-	341,622
Deferred revenue	1,095,916	(1,044,537)	-	-	-	51,379
Noncurrent liabilities	-	-	-	3,797,161	-	3,797,161
Total Liabilities	<u>2,800,824</u>	<u>(716,849)</u>	<u>-</u>	<u>3,797,161</u>	<u>(756,051)</u>	<u>5,125,085</u>
NET ASSETS						
Invested in capital assets	-	-	22,019,256	(1,781,040)	-	20,238,216
Other	5,781,304	654,843	-	(2,016,121)	-	4,420,026
Total Net Assets	<u>\$ 5,781,304</u>	<u>\$ 654,843</u>	<u>\$ 22,019,256</u>	<u>(\$ 3,797,161)</u>	<u>\$ -</u>	<u>\$ 24,658,242</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

II. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS(continued)

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
REVENUES					
Taxes	\$ 9,946,283	\$ 34,141	\$ -	\$ -	\$ 9,980,424
Tax penalties and interest	214,695				214,695
Permits and licenses	17,174				17,174
Intergovernmental revenues	2,462,786	549,055			3,011,841
Charges for current services	1,216,916	(17,954)			1,198,962
Fines and forfeits	10,444				10,444
Impact fees	763				763
Interest	15,181				15,181
Other revenues	209,073		5,225		214,298
Other sources:					
Proceeds from sale of assets	5,843		(8,634)		(2,791)
Insurance recovery	246,125	-	-	-	246,125
Total Revenues	14,345,283	565,242	(3,409)	-	14,907,116
EXPENDITURES					
Current					
General government					
Administration	680,088	9,895	15,507		705,490
Elections and vital statistics	141,102	8,185	1,488		150,775
Finance	394,351	1,458	1,040		396,849
Valuation	180,213	11,180			191,393
Public safety					
Police	2,344,507	80,784	95,535		2,520,826
Fire and ambulance	2,486,086	90,673	242,806		2,819,565
Dispatch	603,415	33,613	34,381		671,409
Public works					
Highways	2,402,480	56,442	1,609,215		4,068,137
Public works administration	173,374	999	168		174,541
Health and social services	251,247	-	4,574		255,821
Recreation and parks					
Recreation administration	172,486	10,898	-		183,384
Recreation programs	299,374	10,197	-		309,571
Parks	523,898	3,772	48,652		576,322
Conservation and development	572,915	27,605	-		600,520
Cultural	601,028	-	4,220		605,248
Capital improvements	2,938,914	-	(2,938,914)		-
Debt service					
Principal	202,066			(202,066)	-
Interest	39,197	(223)	-	-	38,974
Other uses:					
Transfers to other funds	231,450	-	-	-	231,450
Total Expenditures	15,238,191	345,478	(881,328)	(202,066)	14,500,275
Net change for the year	<u>(\$ 892,908)</u>	<u>\$ 219,764</u>	<u>\$ 877,919</u>	<u>\$ 202,066</u>	<u>\$ 406,841</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

For the year ended June 30, 2012, expenditures were over budget by \$68,641. This overture was the result of grants utilized during the year that were not budgeted. Grants create additional expenditures but also create additional revenue. Additional grant revenue was more than adequate to cover the additional grant related expenses.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

At year end, the Town's carrying amount of deposits was \$11,427,370, and the bank balance was \$11,895,990. Of the bank balance, \$269,035, was covered by federal depository insurance. Of the remaining balance, \$11,626,955 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, 2012, consisted of 364.688 shares of Fidelity's Puritan Fund and 66.048 shares of Fidelity's Value Fund, which together had a cost basis of \$10,007 and a fair value of \$11,492. Unrealized gains and losses, which are included in revenue, resulted in an increase in value of \$93 for the year ended June 30, 2012.

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:

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

C. Accounts receivable(continued)

	Governmental Activities	Business- Type Activities	Total
Ambulance accounts receivable (net of allowance of \$639,744)	\$ 27,182	\$ -	\$ 27,182
Miscellaneous receivables (net of allowance of \$0 [general] and \$0 [enterprise])	19,792	21,874	41,666
Impact fees receivable	15,230	2,738	17,968
Accrued interest receivable	399	-	399
Insurance proceeds receivable	-	78,223	78,223
User charges receivable (net of allowance of \$29,500)			
-Billed	-	359,762	359,762
-Unbilled	-	326,494	326,494
	<u>\$ 62,603</u>	<u>\$ 789,091</u>	<u>\$ 851,694</u>

D. Notes Receivable

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

Notes receivable - various revolving loans, seven loans outstanding, interest at 5.25%, various due dates, secured by business assets and personal guarantees. Of the seven loans, two were in arrears at June 30, 2012	\$ 176,523
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	816,523
Allowance for doubtful loan balances	<u>(640,000)</u>
Net Notes Receivable	<u>\$ 176,523</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

E. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 643,976	\$ 135,000	\$ -	\$ 778,976
Construction in progress	1,250,641	328,799	-	1,579,440
Total capital assets not being depreciated	<u>1,894,617</u>	<u>463,799</u>	<u>-</u>	<u>2,358,416</u>
Capital assets, being depreciated:				
Land improvements	809,697	-	-	809,697
Buildings and building improvements	4,921,266	71,696	(2,000)	4,990,962
Vehicles and equipment	6,428,356	873,332	(460,221)	6,841,467
Roads, bridges and sidewalks	24,855,521	1,542,992	-	26,398,513
Total capital assets being depreciated	<u>37,014,840</u>	<u>2,488,020</u>	<u>(462,221)</u>	<u>39,040,639</u>
Total Governmental Capital Assets	<u>38,909,457</u>	<u>2,951,819</u>	<u>(462,221)</u>	<u>41,399,055</u>
Less accumulated depreciation for:				
Land improvements	180,284	26,990	-	207,274
Buildings and building improvements	2,480,162	149,111	(7,224)	2,622,049
Vehicles and equipment	3,807,111	538,048	(438,683)	3,906,476
Roads, bridges and sidewalks	11,300,563	1,343,436	-	12,643,999
Total capital assets, accumulated depreciation	<u>17,768,120</u>	<u>2,057,585</u>	<u>(445,907)</u>	<u>19,379,798</u>
Total Governmental Capital Assets, Net	<u>21,141,337</u>	<u>894,234</u>	<u>(16,314)</u>	<u>22,019,257</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Land	414,158	-	-	414,158
Construction in progress	16,080,017	4,000	(16,080,017)	4,000
Total capital assets not being depreciated	<u>16,494,175</u>	<u>4,000</u>	<u>(16,080,017)</u>	<u>418,158</u>
Capital assets, being depreciated:				
Land improvements	142,184	-	-	142,184
Buildings and building improvements	13,089,394	15,701,664	-	28,791,058
Vehicles and equipment	988,142	140,915	(60,933)	1,068,124
Distribution and collection systems	21,296,199	1,819,012	-	23,115,211
Total capital assets being depreciated	<u>35,515,919</u>	<u>17,661,591</u>	<u>(60,933)</u>	<u>53,116,577</u>
Total Business-Type Capital Assets	<u>52,010,094</u>	<u>17,665,591</u>	<u>(16,140,950)</u>	<u>53,534,735</u>
Less accumulated depreciation for:				
Land improvements	42,360	6,602	-	48,962
Buildings and building improvements	10,040,260	848,270	-	10,888,530
Vehicles and equipment	833,651	58,581	(60,933)	831,299
Distribution and collection systems	10,213,693	676,262	-	10,889,955
Total capital assets, accumulated depreciation	<u>21,129,964</u>	<u>1,589,715</u>	<u>(60,933)</u>	<u>22,658,746</u>
Total Business-Type Capital Assets, Net	<u>\$ 30,880,130</u>	<u>\$ 16,075,876</u>	<u>(\$ 16,080,017)</u>	<u>\$ 30,875,989</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

E. Capital Assets (continued)

Depreciation was charged to programs as follows:

GOVERNMENTAL ACTIVITIES		
General government		
Administration	\$	15,507
Election and vital statistics		1,488
Finance		1,040
Public safety		
Police		95,535
Fire and ambulance		242,806
Dispatch		34,381
Public works		
Highways		1,609,215
Public works administration		168
Health and social services		4,574
Recreation and parks		
Parks		48,652
Cultural		4,220
		<u>4,220</u>
Total depreciation expense	\$	<u>2,057,586</u>

F. Accrued Compensated Absences

Changes in accrued compensated absences during the year were as follows

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 318,876	\$ 88,049	\$ 406,925
Additions	313,071	78,559	391,630
Reductions	(307,358)	(77,143)	(384,501)
Ending Balance	<u>324,589</u>	<u>89,465</u>	<u>414,054</u>
Due Within One Year	<u>\$ 324,589</u>	<u>\$ 89,465</u>	<u>\$ 414,054</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

G. 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.

Interfund balances for the year ended June 30, 2012, were as follows:

<u>Receivable Activity</u>	<u>Payable Activity</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Hurricane Irene Fund	Short-term loan to cover period before grant reimbursement	\$ 367,073
	Non-Major Governmental Funds	Short-term loan to cover period before grant reimbursement	352,978
	Total General Fund		<u>\$ 720,051</u>
Non-Major Governmental Funds	General Fund	Money received by General Fund but owed to Non-Major Governmental Funds	\$ 32,086
	Total Non-Major Governmental Funds		<u>\$ 32,086</u>

Interfund transfers for the year ended June 30, 2012, 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	\$ 482,585
	General Fund - Assigned	Current year assignments	660,000
	Debt Service Fund	Bond payments and bond reserve fund	262,591
	Outdoor Facilities Fund - Undesignated	Annual operating transfer	50,000
	Solid Waste Fund - Undesignated	Fund curbside recycling program	150,400
	Central Water Fund - Undesignated	Share of debt service	31,050
	Quechee Bridge Capital Project Fund	Fund construction of new bridge	103,000
	W. Hartford Library Capital Project Fund	Fund construction of new library	441,000
	Non-Major Governmental Funds	Small transfers to close out non-major funds	172
	General Fund - Assigned	General Fund - Unassigned	Reimbursement from capital reserves
General Fund - Unassigned		Release of unused encumbrances/assignments	453,495
General Fund - Unassigned		Release of assignment to fund 11-12 budget	<u>100,000</u>
Total General Fund		<u>\$ 2,964,557</u>	
Nonmajor Governmental Funds	General Fund - Unassigned	Reimbursement from special revenue funds	\$ 7,774
	General Fund - Unassigned	Close out of non-major funds	7,820
	General Fund - Unassigned	Permanent fund earnings transfer	113
	General Fund - Unassigned	Close out of non-major funds	<u>4,547</u>
Total Non-Major Governmental Funds		<u>\$ 20,254</u>	
Outdoor Facilities Fund - Undesignated	Outdoor Facilities Fund - Invest. in Capital Assets	Bond principal payment	\$ 15,000
	Outdoor Facilities Fund - Invest. in Capital Assets	Asset additions	4,000
	Outdoor Facilities Fund - Designated	Addition to capital reserve	35,000
Outdoor Facilities Fund - Designated	Outdoor Facilities Fund - Undesignated	Reimbursement from capital reserve	<u>4,000</u>
Total Outdoor Facilities Fund		<u>\$ 58,000</u>	
Solid Waste Fund - Undesignated	Solid Waste Fund - Designated	Addition to capital reserve	\$ 20,168
Solid Waste Fund - Designated	Solid Waste Fund - Invest. in Capital Assets	Asset additions	18,679
	Solid Waste Fund - Undesignated	Reimbursement from closure reserve	36,977
	Solid Waste Fund - Undesignated	Correction of prior year allocation	<u>64</u>
Total Solid Waste Fund		<u>\$ 75,888</u>	

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

G. Interfund Balances and Activity (continued)

CONTINUED...

Central Water Fund - Undesignated	Central Water Fund - Designated	Addition to capital reserve	\$ 119,807
	Central Water Fund - Invest. in Capital Assets	Bond principal payment	482,413
	Central Water Fund - Invest. in Capital Assets	Asset additions	96,674
Central Water Fund -Designated	Central Water Fund - Undesignated	Reimbursement from capital reserve	<u>111,192</u>
Total Central Water Fund			<u>\$ 810,086</u>
Quechee Water Fund - Undesignated	Quechee Water Fund - Designated	Addition to capital reserve	\$ 60,968
	Quechee Water Fund - Invest. in Capital Assets	Bond principal payment	64,860
	Quechee Water Fund - Invest. in Capital Assets	Asset additions	36,578
Quechee Water Fund -Designated	Quechee Water Fund - Undesignated	Reimbursement from capital reserve	<u>24,861</u>
Total Quechee Water Fund			<u>\$ 187,267</u>
Central Wastewater Fund - Undesignated	Central Wastewater Fund - Designated	Addition to capital reserve	96,599
	Central Wastewater Fund - Invest. in Capital Assets	Asset additions	<u>89,053</u>
Total Central Wastewater Fund			<u>\$ 185,652</u>
Quechee Wastewater Fund - Undesignated	Quechee Wastewater Fund - Designated	Addition to capital reserve	\$ 37,882
Quechee Wastewater Fund - Invest. in Capital Assets	Quechee Wastewater Fund - Undesignated	Changes in invested in capital assets	<u>129,471</u>
Total Quechee Wastewater Fund			<u>\$ 167,353</u>

H. Long-term Liabilities

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

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

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

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

H. Long-term Liabilities (continued)

General obligation bonds and revolving loans outstanding at June 30, 2012, are as follows:

BONDS AND NOTES PAYABLE		
Purpose	Interest Rates	Amount
<u>Governmental Activities - Bonds</u>		
DPW Building	1.87% - 4.73%	\$ 840,000
<u>Governmental Activities - Revolving Loans</u>		
Combined Sewer Overflow - #1	0%	137,392
Combined Sewer Overflow - #2	0%	<u>786,422</u>
Total General Long-term Debt		<u>1,763,814</u>
<u>Business-type Activities - Bonds</u>		
Outdoor facilities - refrigeration	3.7% - 5.25%	15,000
Water system improvements	2.8% - 4.98%	75,000
Wastewater system improvements	2.8% - 4.98%	375,000
<u>Business-type Activities - Revolving Loans</u>		
Wilder Well	1.00%	2,035,015
Water system improvements	1.00%	273,649
Water system improvements	1.00%	393,444
Wastewater system improvements	0%	6,915,254
Wastewater system improvements	0%	<u>5,353,390</u>
Total Enterprise Funds		<u>15,435,752</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable	\$ 945,000	\$ -	\$ 105,000	\$ 840,000	\$ 105,000
Revolving loans payable	1,020,879	-	97,065	923,814	97,066
Other postemployment benefits	<u>1,693,365</u>	<u>446,459</u>	<u>106,477</u>	<u>2,033,347</u>	<u>106,476</u>
Total Governmental Activities					
Long-term Liabilities	<u>\$ 3,659,244</u>	<u>\$ 446,459</u>	<u>\$ 308,542</u>	<u>\$ 3,797,161</u>	<u>\$ 308,542</u>
Business-type Activities					
Bonds payable	\$ 690,000	\$ -	\$ 225,000	\$ 465,000	\$ 105,000
Revolving loans payable	13,460,073	1,922,953	412,274	14,970,752	146,558
Other postemployment benefits	324,953	97,646	25,736	396,863	25,736
Postclosure care costs	<u>414,000</u>	<u>-</u>	<u>23,000</u>	<u>391,000</u>	<u>23,000</u>
Total Business-type Activities					
Long-term Liabilities	<u>\$ 14,889,026</u>	<u>\$ 2,020,599</u>	<u>\$ 686,010</u>	<u>\$ 16,223,615</u>	<u>\$ 300,294</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

H. Long-term Liabilities (continued)

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2012, 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/ Admin Fees</u>	<u>Principal</u>	<u>Interest/ Admin Fees</u>
2013	\$ 202,066	\$ 35,039	\$ 251,557	\$ 94,325
2014	295,196	30,248	240,679	85,620
2015	179,935	23,840	749,857	322,468
2016	179,935	17,660	764,317	303,633
2017	179,935	12,873	779,105	284,395
2018-2022	726,747	1,251	3,679,341	1,176,956
2023-2027	-	(28,692)	3,922,596	753,548
2028-2032	-	-	3,591,528	364,013
2033-3037	-	-	1,456,772	43,847
Total	\$ 1,763,814	\$ 92,219	\$ 15,435,752	\$ 3,428,805

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

TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012
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IV. DETAILED NOTES ON ALL FUNDS(continued)

I. Restricted, Assigned and Designated Fund Balances/Net Assets

Net assets/fund balances are restricted or nonspendable as follows:

GOVERNMENTAL ACTIVITIES

RESTRICTED

Special Revenue Funds

Police Drug Forefiture Fund - restricted by statute	\$	16,390
Engine 494 Fund - restricted by donor agreement		5,474
Trees Matter Fund - restricted by donor agreement		2,912
Dog Park Fund - restricted by donor agreement		13,564
Glory Days Fund - restricted by donor agreement		7,170
CLG Grant Fund - restricted by grant agreement		38
Park & Ride Grant Fund - restricted by grant agreement		2,400
Watershed Grant Fund - restricted by grant agreement		1,852
Quechee Gorge Visitor Center - restricted by grant agreement		43,427
Rehabilitation Loan Funds - restricted by grant agreement		107,798
Revolving Loan Fund - restricted by grant agreement		374,941
Police Youth Safety Fair - restricted by donor agreement		5,689
Fire HLS Grant Fund - nonspendable deposit		3,044
Fire/EMS Impact Fee Fund - restricted by statute		86,722
Recreation Impact Fee Fund - restricted by statute		57,463
Library Impact Fee Fund - restricted by statute		2,718

Total Special Revenue Funds		731,602
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Capital Projects Fund

CSO Fund - restricted by bond agreement		82,938
Maxfield Project Fund - restricted by donor agreement		996,912
W. Hartford Library Fund - restricted by grant agreement		12,200

Total Capital Projects Fund		1,092,050
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Debt Service Fund

CSO Bond Reserve Fund - restricted by bond agreement		370,011
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Total Debt Service Fund		370,011
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Permanent Fund

Town Trust Funds - restricted by Trust agreement		30,280
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Total Permanent Fund		30,280
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TOTAL GOVERNMENTAL RESTRICTED

NET ASSETS		2,223,943
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GOVERNMENTAL FUNDS

NON-SPENDABLE

Special Revenue Funds

Town Trust Funds - restricted by Trust agreement(Non-Expendable)		27,168
Fire HLS Grant Fund - nonspendable deposit		3,044

TOTAL GOVERNMENTAL NON-SPENDABLE

FUND BALANCE	\$	30,212
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BUSINESS-TYPE ACTIVITIES

Central Water Impact Fee Fund - restricted by statute	\$	243,717
Quechee Water Impact Fee Fund - restricted by statute		52,070
Central Wastewater Impact Fee Fund - restricted by statute		565,201
Quechee Wastewater Impact Fee Fund - restricted by statute		199,026

TOTAL BUSINESS-TYPE RESTRICTED NET ASSETS	\$	1,060,014
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TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012
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IV. DETAILED NOTES ON ALL FUNDS(continued)

I. Restricted, Assigned and Designated Fund Balances/Net Assets(continued)

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

GOVERNMENTAL ACTIVITIES

General Fund

Assigned to Town Clerk record restoration	\$ 245,447
Assigned to Town office renovation	61,697
Assigned to accounting software	6,122
Assigned to Revaluation	215,360
Assigned to Police capital purchases	44,638
Assigned to Fire/EMS capital purchases	102,288
Assigned to communications center upgrade	33,273
Assigned to Highway capital expenditures	161,666
Assigned to Highway bridges and culverts	69,682
Assigned to street light maintenance reserve	5,000
Assigned to street light replacement reserve	8,750
Assigned to Senior Center renovations	8,509
Assigned to Recreation expenses	51,400
Assigned to Skatepark expenses	7,877
Assigned to Conservation and Development expenditures	130,212
Assigned to police accreditation	3,631
Assigned to paved road cracksealing	13,325
Assigned to street globes & lights	17,000
Assigned to sidewalks	107,676
Assigned to municipal building improvements	98,153
Assigned to WRJ revitalization	113,501
Assigned to dam construction	80,000
Assigned to Hurricane irene town share	385,000
Assigned to subsequent year expenditures	250,000

Total General Fund	2,220,207
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Capital Projects Funds

DPW Garage Fund - assigned to capital expenditures	51,985
W. Hartford Library Fund - assigned to new library construction	655,463

Total Capital Projects Funds	707,448
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TOTAL GOVERNMENTAL FUNDS	
ASSIGNED FUND BALANCES	\$ 2,927,655

BUSINESS-TYPE ACTIVITIES

Outdoor Facilities Capital Reserve Fund - designated for capital expenditures	62,379
Solid Waste Capital Reserve Fund - designated for capital expenditures	23,345
Solid Waste Closure Reserve Fund - designated for postclosure expenditures	100,053
Solid Waste Equipment Reserve Fund - designated for equipment purchases	51,782
Central Water Capital Reserve Fund - designated for capital expenditures	490,407
Quechee Water Capital Reserve Fund - designated for capital expenditures	208,196
Central Wastewater Capital Reserve Fund - designated for capital expenditures	462,802
Quechee Wastewater Capital Reserve Fund - designated for capital expenditures	430,104

TOTAL BUSINESS-TYPE	
DESIGNATED NET ASSETS	\$ 1,829,068

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS(continued)

I. Restricted, Assigned and Designated Fund Balances/Net Assets(continued)

The Hurricane Irene Fund and certain individual grant funds within the Special Revenue Funds and Capital Project Funds have negative fund balances as of June 30, 2012. These fund balances are negative because expenditures have gone out but the grant reimbursement revenue was not received soon enough after June 30, 2012 to be recognized within the year. When the grant revenues are recognized the negative fund balances will be restored.

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 \$10,861 in unemployment claims during the fiscal year ended June 30, 2012.

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 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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

V. OTHER INFORMATION(continued)

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.

E. Defined Contribution Pension Plans

Employees who are members of the Hartford Career Firefighters' Association, the Hartford Police Chapter of AFSCME, the Hartford Department of Public Works Chapter of the 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. Three 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, the Police Chapter, and the Public Works 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 \$3,753,977 and Town contributions for the year ended June 30, 2012 were \$240,767.

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 \$2,111,331. Town contributions for the year ended June 30, 2012 were \$170,906.

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 was 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.

TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012
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V. OTHER INFORMATION(continued)

G. Other Postemployment Benefits(continued)

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 OPEB Cost	\$ 446,459	\$ 97,646	\$ 544,105
Contributions Made	106,475	25,736	132,211
Increase in Net OPEB Obligation	339,984	71,910	411,894
Net OPEB Obligation, Beginning of Year	1,693,365	324,951	2,018,316
Net OPEB Obligation, End of Year	\$ 2,033,349	\$ 396,861	\$ 2,430,210

As of June 30, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$7,511,586 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,511,586.

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, 2012 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 10.0 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 6.0 percent by 2016. A thirty year amortization period is being used.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

V. OTHER INFORMATION(continued)

H. Hurricane Irene

On August 28, 2011, the State of Vermont, including the Town of Hartford, was struck by Tropical Storm Irene, causing catastrophic damage to several areas of the Town. Town of Hartford employees have had a busy year working to cleanup and repair the damage leftover from the Hurricane. The Town's finance department, along with other Town departments, have worked closely with the Federal Management Agency Public Assistance Program(FEMA), the Federal Highway Administration Emergency Relief Program(FHWA), and insurance companies to ensure the Town receives all relief funding to which it is entitled. The worst of the Hurricane Relief effort is behind us but there is still a considerable amount of work to be done. Large projects need to be closed out with the state and FEMA and the Town must maintain detailed records of the work completed

Two of the biggest damaged structures were the Quechee Covered Bridge and the W. Hartford Library. Construction of a new Quechee Covered Bridge has begun and should be completed in the near future. For the W. Hartford Library, both a construction plan and a funding plan are in process to complete this project.

I. Subsequent Events

On March 6, 2012, voters authorized the issuance of general obligation bonds in the amounts of \$1,135,225 and \$500,000 for construction of a new Quechee Covered Bridge and construction of a new West Hartford Library, respectively. Bonds were approved by the Vermont Municipal Bond Bank in the amount of \$1,635,225.

Bond proceeds of \$1,135,225 for the Quechee Covered Bridge were put into an escrow account in the Town's name during July 2012. The bond requires annual debt service between \$58 and \$90 K for twenty years starting in 2013. It has not yet been decided whether the Town will utilize the \$500,000 bond available for funding construction of a new West Hartford Library. If completed, this project would most likely be funded from other sources.

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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	\$ 10,015,783	\$ 9,946,283	(\$ 69,500)
Tax penalties and interest	234,500	214,695	(19,805)
Permits and licenses	18,270	17,174	(1,096)
Intergovernmental revenues	573,082	1,097,146	524,064
Charges for services	1,197,484	1,203,174	5,690
Fines and forfeits	12,400	10,444	(1,956)
Interest	18,000	4,587	(13,413)
Other revenues	<u>94,660</u>	<u>167,015</u>	<u>72,355</u>
Total Revenues	<u>12,164,179</u>	<u>12,660,518</u>	<u>496,339</u>
EXPENDITURES			
Current expenditures			
General government			
Administration	757,438	578,899	178,539
Elections and vital statistics	160,098	141,102	18,996
Finance	341,850	371,111	(29,261)
Valuation	182,073	180,213	1,860
Boards and commissions	6,200	2,275	3,925
Public safety			
Police	2,201,335	2,333,150	(131,815)
Fire and ambulance	2,379,895	2,339,107	40,788
Dispatch	582,198	603,415	(21,217)
Public works			
Highways	1,564,370	1,541,043	23,327
Public works administration	116,435	169,914	(53,479)
Health and social services	252,782	251,247	1,535
Recreation and parks			
Recreation administration	171,270	172,486	(1,216)
Recreation programs	280,612	294,936	(14,324)
Parks	181,925	208,147	(26,222)
Conservation and development	427,709	432,075	(4,366)
Cultural	253,297	221,975	31,322
Capital expenditures			
General government			
Administration	-	18,602	(18,602)
Public safety			
Police	85,673	66,754	18,919
Fire and ambulance	227,900	227,047	853
Public works			
Highways	1,401,700	1,489,903	(88,203)
Recreation and parks			
Parks	-	-	-
Conservation and development	-	-	-
Total Expenditures	<u>11,574,760</u>	<u>11,643,401</u>	<u>(68,641)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	402,000	804,015	402,015
Transfers out	(982,844)	(2,180,798)	(1,197,954)
Proceeds from sale of capital assets	-	5,843	5,843
Total Other Financing Sources (Uses)	<u>(580,844)</u>	<u>(1,370,940)</u>	<u>(790,096)</u>
Net change in fund balance	<u>\$ 8,575</u>	<u>(\$ 353,823)</u>	<u>(\$ 362,398)</u>

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

Change in Fund Balances - Budgetary Basis	(\$ 353,823)
Transfer to Assigned Fund Balance	1,142,585
Transfer from Assigned Fund Balance	(783,759)
Expenditures from Assigned Fund Balance	(578,395)
Assigned Fund Balance Interest Income	<u>460</u>
Change in Fund Balances - GAAP Basis	<u>(\$ 572,932)</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Unassigned</u>	<u>Assigned</u>	<u>Total</u>
REVENUES			
Taxes	\$ 9,946,283	\$ -	\$ 9,946,283
Tax penalties and interest	214,695	-	214,695
Permits and licenses	17,174	-	17,174
Intergovernmental revenues	1,097,146	-	1,097,146
Charges for current services	1,203,174	-	1,203,174
Fines and forfeits	10,444	-	10,444
Interest	4,587	-	4,587
Other revenues	167,015	460	167,475
		-	-
Total Revenues	<u>12,660,518</u>	<u>460</u>	<u>12,660,978</u>
EXPENDITURES			
Current expenditures			
General government			
Administration	578,899	15,714	594,613
Elections and vital statistics	141,102	-	141,102
Finance	371,111	23,240	394,351
Valuation	180,213	-	180,213
Boards and commissions	2,275	-	2,275
Public safety			
Police	2,333,150	5,010	2,338,160
Fire and ambulance	2,339,107	730	2,339,837
Dispatch	603,415	-	603,415
Public works			
Highways	1,541,043	97,655	1,638,698
Public works administration	169,914	3,460	173,374
Health and social services	251,247	-	251,247
Recreation and parks			
Recreation administration	172,486	-	172,486
Recreation programs	294,936	-	294,936
Parks	208,147	-	208,147
Conservation and development	432,075	10,531	442,606
Cultural	221,975	-	221,975
Capital expenditures			
General government			
Administration	18,602	-	18,602
Public safety			
Police	66,754	16,520	83,274
Fire	227,047	77,876	304,923
Dispatch	-	-	-
Public works			
Highways	1,489,903	327,659	1,817,562
Public works administration	-	-	-
Recreation and parks	-	-	-
Parks	-	-	-
Conservation and development	-	-	-
Total Expenditures	<u>11,643,401</u>	<u>578,395</u>	<u>12,221,796</u>
Excess (deficiency) of Revenues Over (Under)			
Expenditures	<u>1,017,117</u>	<u>(577,935)</u>	<u>439,182</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	804,015	1,142,585	1,946,600
Transfers out	(2,180,798)	(783,759)	(2,964,557)
Proceeds from sale of capital assets	5,843	-	5,843
Total Other Financing Sources (Uses)	<u>(1,370,940)</u>	<u>358,826</u>	<u>(1,012,114)</u>
Net Change in Fund Balances	(353,823)	(219,109)	(572,932)
Fund Balances - July 1, 2011	<u>1,703,834</u>	<u>2,439,316</u>	<u>4,143,150</u>
Fund Balances - June 30, 2012	<u>\$ 1,350,011</u>	<u>\$ 2,220,207</u>	<u>\$ 3,570,218</u>

TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and equivalents	\$ 905,988	\$ 1,764,094	\$ -	\$ 19,035	\$ 2,689,117
Investments	-	-	-	11,492	11,492
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	15,629	-	-	-	15,629
Notes receivable	176,523	-	-	-	176,523
Due from other governments	183,814	343,098	-	-	526,912
Due from other funds	8,420	23,666	-	-	32,086
Deposits	3,044	-	-	-	3,044
Restricted assets:					
Cash and equivalents	-	-	370,013	-	370,013
 Total Assets	 <u>1,293,418</u>	 <u>2,130,858</u>	 <u>370,013</u>	 <u>30,527</u>	 <u>3,824,816</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	64,915	39,445	-	-	104,360
Due to other governments	341,622	-	-	-	341,622
Due to other funds	158,253	194,475	-	247	352,976
Deferred revenue	144,982	330,898	-	-	475,879
 Total Liabilities	 <u>709,772</u>	 <u>564,818</u>	 <u>-</u>	 <u>247</u>	 <u>1,274,837</u>
Fund balances					
Non-spendable					
Permanent fund principal	-	-	-	27,168	27,168
Deposits	3,044	-	-	-	3,044
Restricted for					
Public safety	22,079	-	-	-	22,079
Impact fees	146,904	-	-	-	146,904
Recreation and parks	-	1,079,850	-	-	1,079,850
Community development	530,453	-	-	-	530,453
Debt service	-	-	370,013	-	370,013
Endowments - Expendable	-	-	-	3,112	3,112
Cultural	-	12,200	-	-	12,200
Other	29,120	-	-	-	29,120
Assigned to					
Public works	-	51,985	-	-	51,985
Cultural	-	655,463	-	-	655,463
Unassigned	(147,954)	(233,458)	-	-	(381,412)
 Total Fund Balances	 <u>583,646</u>	 <u>1,566,040</u>	 <u>370,013</u>	 <u>30,280</u>	 <u>2,549,979</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,293,418</u>	 <u>\$ 2,130,858</u>	 <u>\$ 370,013</u>	 <u>\$ 30,527</u>	 <u>\$ 3,824,816</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-major Governmental Funds
REVENUES					
Intergovernmental revenues	\$ 490,572	\$ 25,346	\$ -	\$ -	\$ 515,918
Impact fees	762	-	-	-	762
Interest	9,804	59	189	83	10,135
Other revenues	<u>27,638</u>	<u>5,172</u>	<u>-</u>	<u>262</u>	<u>33,072</u>
Total Revenues	<u>528,776</u>	<u>30,577</u>	<u>189</u>	<u>345</u>	<u>559,887</u>
EXPENDITURES					
Current expenditures					
General government					
Administration	-	-	-	-	-
Public safety					
Police	5,477	-	-	-	5,477
Fire and ambulance	115,892	-	-	-	115,892
Recreation and parks					
Parks	25,545	-	-	-	25,545
Conservation and development					
Cultural	89,116	-	-	-	89,116
Education	-	-	-	-	-
Education	369,772	-	-	-	369,772
Debt service expenditures					
Principal	-	-	202,066	-	202,066
Interest	-	-	39,197	-	39,197
Capital expenditures					
Public safety					
Police	19,292	-	-	-	19,292
Fire and ambulance	245,745	-	-	-	245,745
Public works					
Highways	-	293,338	-	-	293,338
Recreation and parks	-	87,208	-	-	87,208
Conservation and development	49,267	-	-	-	49,267
Cultural	<u>-</u>	<u>9,281</u>	<u>-</u>	<u>-</u>	<u>9,281</u>
Total Expenditures	<u>920,106</u>	<u>389,827</u>	<u>241,263</u>	<u>-</u>	<u>1,551,196</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>(391,330)</u>	<u>(359,250)</u>	<u>(241,074)</u>	<u>345</u>	<u>(991,309)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	171	544,000	262,590	-	806,761
Transfers out	(15,594)	(4,547)	-	(113)	(20,254)
Insurance proceeds	<u>-</u>	<u>223,719</u>	<u>-</u>	<u>-</u>	<u>223,719</u>
Total Other Financing Sources (Uses)	<u>(15,423)</u>	<u>763,172</u>	<u>262,590</u>	<u>(113)</u>	<u>1,010,226</u>
Net Change in Fund Balances	(406,753)	403,922	21,516	232	18,917
Fund Balances - July 1, 2011	<u>990,399</u>	<u>1,162,118</u>	<u>348,497</u>	<u>30,048</u>	<u>2,531,062</u>
Fund Balances - June 30, 2012	<u>\$ 583,646</u>	<u>\$ 1,566,040</u>	<u>\$ 370,013</u>	<u>\$ 30,280</u>	<u>\$ 2,549,979</u>

TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Community Development Funds	Recreation Funds	Public Safety Funds	Impact Fee Funds	Totals
ASSETS					
Cash and equivalents	\$ 386,701	\$ 29,911	\$ 22,079	\$ 467,297	\$ 905,988
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	399	-	-	15,230	15,629
Notes receivable	176,523	-	-	-	176,523
Due from other governments	133,016	-	50,798	-	183,814
Due from other funds	-	-	-	8,420	8,420
Deposits	-	-	3,044	-	3,044
	<u>696,639</u>	<u>29,911</u>	<u>75,921</u>	<u>490,947</u>	<u>1,293,418</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	28,657	-	36,258	-	64,915
Due to other governments	-	-	-	341,622	341,622
Due to other funds	137,530	718	17,584	2,421	158,253
Deferred revenues	94,111	73	50,798	-	144,982
	<u>260,298</u>	<u>791</u>	<u>104,640</u>	<u>344,043</u>	<u>709,772</u>
Total Liabilities					
Fund Balances					
Non-spendable					
Deposits	-	-	3,044	-	3,044
Restricted for					
Public safety	-	-	22,079	-	22,079
Impact fees	-	-	-	146,904	146,904
Community development	530,453	-	-	-	530,453
Public safety	-	-	-	-	-
Other	-	29,120	-	-	29,120
Unassigned	(94,112)	-	(53,842)	-	(147,954)
	<u>436,341</u>	<u>29,120</u>	<u>(28,719)</u>	<u>146,904</u>	<u>583,646</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$ 696,639</u>	<u>\$ 29,911</u>	<u>\$ 75,921</u>	<u>\$ 490,947</u>	<u>\$ 1,293,418</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Community Development Funds	Recreation Funds	Public Safety Funds	Impact Fee Funds	Total
REVENUES					
Intergovernmental revenues	\$ 71,427	\$ 15,200	\$ 403,945	\$ -	\$ 490,572
Impact fees	-	-	-	762	762
Interest income	9,706	13	13	72	9,804
Other revenues	<u>200</u>	<u>18,540</u>	<u>8,897</u>	<u>1</u>	<u>27,638</u>
Total Revenues	<u>81,333</u>	<u>33,753</u>	<u>412,855</u>	<u>835</u>	<u>528,776</u>
EXPENDITURES					
Current expenditures					
Public safety - police	-	-	5,477	-	5,477
Public safety - fire & ambulance	-	-	115,892	-	115,892
Recreation and parks	-	25,545	-	-	25,545
Conservation and development	89,116	-	-	-	89,116
Cultural	-	-	-	-	-
Education	-	-	-	369,772	369,772
Capital expenditures					
Public safety - police	-	-	19,292	-	19,292
Public safety - fire & ambulance	-	-	245,745	-	245,745
Conservation and development	<u>49,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,267</u>
Total Expenditures	<u>138,383</u>	<u>25,545</u>	<u>386,406</u>	<u>369,772</u>	<u>920,106</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57,050)</u>	<u>8,208</u>	<u>26,449</u>	<u>(368,937)</u>	<u>(391,330)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	53	-	118	-	171
Transfers out	<u>(7,820)</u>	<u>-</u>	<u>-</u>	<u>(7,774)</u>	<u>(15,594)</u>
Total Other Financing Sources (Uses)	<u>(7,767)</u>	<u>-</u>	<u>118</u>	<u>(7,774)</u>	<u>(15,423)</u>
Net Change in Fund Balances	<u>(64,817)</u>	<u>8,208</u>	<u>26,567</u>	<u>(376,711)</u>	<u>(406,753)</u>
Fund Balances - July 1, 2011	<u>501,158</u>	<u>20,912</u>	<u>(55,286)</u>	<u>523,615</u>	<u>990,399</u>
Fund Balances - June 30, 2012	<u>\$ 436,341</u>	<u>\$ 29,120</u>	<u>(\$ 28,719)</u>	<u>\$ 146,904</u>	<u>\$ 583,646</u>

TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	CSO Project Fund	DPW Garage Fund	Roundabout Fund	Underpass Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and equivalents	\$ 82,938	\$ 28,319	\$ -	\$ -
Due from other governments	-	-	2,248	61,075
Due from other funds	<u>-</u>	<u>23,666</u>	<u>-</u>	<u>-</u>
Total Assets	<u>82,938</u>	<u>51,985</u>	<u>2,248</u>	<u>61,075</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	-	-	-	1,638
Due to other funds	-	-	2,248	59,437
Deferred revenues	<u>-</u>	<u>-</u>	<u>2,248</u>	<u>61,075</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,496</u>	<u>122,150</u>
Fund Balances				
Restricted	82,938	-	-	-
Assigned	-	51,985	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(2,248)</u>	<u>(61,075)</u>
Total Fund Balances	<u>82,938</u>	<u>51,985</u>	<u>(2,248)</u>	<u>(61,075)</u>
Total Liabilities and Fund Balances	<u>\$ 82,938</u>	<u>\$ 51,985</u>	<u>\$ 2,248</u>	<u>\$ 61,075</u>

TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET(Continued)
CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	Park & Ride Fund	Maxfield Project Fund	Quechee Bridge Fund	W. Hartford Library Fund	Totals
ASSETS					
Cash and equivalents	\$ -	\$ 997,374	\$ -	\$ 655,463	\$ 1,764,094
Due from other governments	-	-	246,363	33,412	343,098
Due from other funds	-	-	-	-	23,666
	-	-	-	-	-
Total Assets	-	997,374	246,363	688,875	2,130,858
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	-	462	37,345	-	39,445
Due to other funds	-	-	132,790	-	194,475
Deferred revenues	-	-	246,363	21,212	330,898
	-	-	246,363	21,212	330,898
Total Liabilities	-	462	416,498	21,212	564,818
Fund Balances					
Restricted	-	996,912	-	12,200	1,092,050
Assigned	-	-	-	655,463	707,448
Unassigned	-	-	(170,135)	-	(233,458)
	-	-	(170,135)	-	(233,458)
Total Fund Balances	-	996,912	(170,135)	667,663	1,566,040
Total Liabilities and Fund Balances	\$ -	\$ 997,374	\$ 246,363	\$ 688,875	\$ 2,130,858

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>CSO Project Fund</u>	<u>DPW Garage Fund</u>	<u>Roundabout Fund</u>	<u>Underpass Fund</u>
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest Income	44	15	-	-
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>44</u>	<u>15</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital expenditures				
Highway	-	-	-	6,457
Recreation and parks	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>44</u>	<u>15</u>	<u>-</u>	<u>(6,457)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	44	15	-	(6,457)
Fund Balances - July 1, 2011	<u>82,894</u>	<u>51,970</u>	<u>(2,248)</u>	<u>(54,618)</u>
Fund Balances - June 30, 2012	<u>\$ 82,938</u>	<u>\$ 51,985</u>	<u>(\$ 2,248)</u>	<u>(\$ 61,075)</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES(Continued)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Park & Ride Fund	Maxfield Project Fund	Quechee Bridge Fund	W. Hartford Library Fund	Total
REVENUES					
Intergovernmental revenues	\$ 13,146	\$ -	\$ -	\$ 12,200	\$ 25,346
Interest Income	-	-	-	-	59
Other income	4,547	-	600	25	5,172
Total Revenues	<u>17,693</u>	<u>-</u>	<u>600</u>	<u>12,225</u>	<u>30,577</u>
EXPENDITURES					
Capital expenditures					
Highway	13,146	-	273,735	-	293,338
Recreation and parks	-	87,208	-	-	87,208
Cultural	-	-	-	9,281	9,281
Total Expenditures	<u>13,146</u>	<u>87,208</u>	<u>273,735</u>	<u>9,281</u>	<u>389,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,547</u>	<u>(87,208)</u>	<u>(273,135)</u>	<u>2,944</u>	<u>(359,250)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	103,000	441,000	544,000
Transfers out	(4,547)	-	-	-	(4,547)
Insurance proceeds	-	-	-	223,719	223,719
Total Other Financing Sources (Uses)	<u>(4,547)</u>	<u>-</u>	<u>103,000</u>	<u>664,719</u>	<u>763,172</u>
Net Change in Fund Balances	-	(87,208)	(170,135)	667,663	403,922
Fund Balances - July 1, 2011	<u>-</u>	<u>1,084,120</u>	<u>-</u>	<u>-</u>	<u>1,162,118</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ 996,912</u>	<u>(\$ 170,135)</u>	<u>\$ 667,663</u>	<u>\$ 1,566,040</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF NET ASSETS
WATER AND WASTEWATER FUNDS
JUNE 30, 2012

	Water Fund			Wastewater Fund		
	Central Water Fund	Quechee Water Fund	Total Water Fund	Central Wastewater Fund	Quechee Wastewater Fund	Total Wastewater Fund
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 915,672	\$ 619,494	\$ 1,535,166	\$ 1,463,981	\$ 1,345,015	\$ 2,808,996
Accounts receivable (net of allowance for uncollectible accounts)	181,417	63,757	245,174	333,902	174,686	508,588
Due from other governments	-	64,917	64,917	18,660	110,218	128,878
Total Current Assets	<u>1,097,089</u>	<u>748,168</u>	<u>1,845,257</u>	<u>1,816,543</u>	<u>1,629,919</u>	<u>3,446,462</u>
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	16,382,165	9,533,317	25,915,482
Vehicles and equipment	178,926	105,356	284,282	276,457	147,366	423,823
Distribution and collection systems	8,857,664	2,283,685	11,141,349	3,724,907	8,248,955	11,973,862
Less accumulated depreciation	(3,957,826)	(1,021,865)	(4,979,691)	(9,197,829)	(6,116,747)	(15,314,576)
Total Noncurrent Assets	<u>5,374,924</u>	<u>1,385,176</u>	<u>6,760,100</u>	<u>11,356,858</u>	<u>11,886,891</u>	<u>23,243,749</u>
Total Assets	<u>6,472,013</u>	<u>2,133,344</u>	<u>8,605,357</u>	<u>13,173,401</u>	<u>13,516,810</u>	<u>26,690,211</u>
LIABILITIES						
Current Liabilities						
Accounts payable	21,756	6,402	28,158	102,366	25,502	127,868
Accrued payroll and benefits payable	7,286	1,962	9,248	9,133	5,747	14,880
Accrued compensated absences payable	20,175	8,771	28,946	27,204	20,981	48,185
Accrued interest payable	5,088	271	5,359	4,561	7,914	12,475
Due to other governments	174,705	-	174,705	170,261	-	170,261
Other post employment benefits - current portion	10,083	1,669	11,752	7,826	1,781	9,607
Bonds and notes payable - current portion	119,102	15,000	134,102	11,262	91,193	102,455
Total Current Liabilities	<u>358,195</u>	<u>34,075</u>	<u>392,270</u>	<u>332,613</u>	<u>153,118</u>	<u>485,731</u>
Noncurrent Liabilities						
Other post employment benefits	67,278	31,626	98,904	119,184	87,103	206,287
Bonds and notes payable	1,915,913	60,000	1,975,913	7,177,642	6,030,640	13,208,282
Total Noncurrent Liabilities	<u>1,983,191</u>	<u>91,626</u>	<u>2,074,817</u>	<u>7,296,826</u>	<u>6,117,743</u>	<u>13,414,569</u>
Total Liabilities	<u>2,341,386</u>	<u>125,701</u>	<u>2,467,087</u>	<u>7,629,439</u>	<u>6,270,861</u>	<u>13,900,300</u>
NET ASSETS						
Investment in capital assets, net of related debt	3,165,204	1,310,175	4,475,379	3,926,344	5,848,658	9,775,002
Restricted	243,717	52,070	295,787	565,201	199,026	764,227
Unrestricted	721,706	645,398	1,367,104	1,052,417	1,198,265	2,250,682
Total Net Assets	<u>\$ 4,130,627</u>	<u>\$ 2,007,643</u>	<u>\$ 6,138,270</u>	<u>\$ 5,543,962</u>	<u>\$ 7,245,949</u>	<u>\$ 12,789,911</u>

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, 2012

	Water Fund			Wastewater Fund		
	Central Water Fund	Quechee Water Fund	Total Water Fund	Central Wastewater Fund	Quechee Wastewater Fund	Total Wastewater Fund
OPERATING REVENUES						
Charges for services	\$ 987,763	\$ 333,783	\$ 1,321,546	\$ 1,279,994	\$ 861,995	\$ 2,141,989
Rents and other income	6,938	4,139	11,077	38,243	4,043	42,286
Total Operating Revenues	994,701	337,922	1,332,623	1,318,237	866,038	2,184,275
OPERATING EXPENSES						
Personal services	377,371	123,618	500,989	504,072	287,731	791,803
Administration expenses	18,426	5,566	23,992	7,353	16,985	24,338
Utilities	83,287	81,809	165,096	160,899	73,116	234,015
Contract services	22,243	15,297	37,540	69,609	77,396	147,005
Equipment operation	12,889	4,845	17,734	17,704	12,177	29,881
Repairs and maintenance	30,086	8,816	38,902	42,645	6,610	49,255
Materials and supplies	61,056	4,484	65,540	53,481	26,513	79,994
Insurance expense	10,278	2,205	12,483	22,891	5,461	28,352
Small equipment	8,482	4,335	12,817	5,434	3,074	8,508
Depreciation	275,064	93,121	368,185	349,767	785,291	1,135,058
Total Operating Expenses	899,182	344,096	1,243,278	1,233,855	1,294,354	2,528,209
Operating Income (Loss)	95,519	(6,174)	89,345	84,382	(428,316)	(343,934)
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	-	76,042	76,042	21,306	119,969	141,275
Interest income	382	92	474	519	362	881
Interest expense	(66,024)	(3,852)	(69,876)	(4,561)	(25,818)	(30,379)
Other expense	-	-	-	(11,187)	(13,071)	(24,258)
Total Nonoperating Revenues (Expenses)	(65,642)	72,282	6,640	6,077	81,442	87,519
Income (Loss) Before Transfers	29,877	66,108	95,985	90,459	(346,874)	(256,415)
TRANSFERS						
Transfers in	841,136	187,267	1,028,403	185,652	167,353	353,005
Transfers out	(810,086)	(187,267)	(997,353)	(185,652)	(167,353)	(353,005)
Total Transfers	31,050	-	31,050	-	-	-
Change in Net Assets	60,927	66,108	127,035	90,459	(346,874)	(256,415)
Total Net Assets - July 1, 2011	4,069,700	1,941,535	6,011,235	5,453,503	7,592,823	13,046,326
Total Net Assets - June 30, 2012	\$ 4,130,627	\$ 2,007,643	\$ 6,138,270	\$ 5,543,962	\$ 7,245,949	\$ 12,789,911

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF CASH FLOWS
WATER AND WASTEWATER FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Water Fund			Wastewater Fund		
	Central Water Fund	Quechee Water Fund	Total Water Fund	Central Wastewater Fund	Quechee Wastewater Fund	Total Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	\$ 986,810	\$ 339,790	\$ 1,326,600	\$ 1,212,567	\$ 843,994	\$ 2,056,561
Cash paid to employees	(361,783)	(117,933)	(479,716)	(477,993)	(414,886)	(892,879)
Cash paid to suppliers	(259,744)	(130,650)	(390,394)	(815,076)	(205,341)	(1,020,417)
Net cash provided (used) by operating activities	<u>365,283</u>	<u>91,207</u>	<u>456,490</u>	<u>(80,502)</u>	<u>223,767</u>	<u>143,265</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Due from other funds	12,377	64	12,441	19,738	8,378	28,116
Due to other governments	-	-	-	-	-	-
Transfers from other funds	31,050	-	31,050	-	-	-
Transfers to other funds	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>43,427</u>	<u>64</u>	<u>43,491</u>	<u>19,738</u>	<u>8,378</u>	<u>28,116</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Subsidies from government grants	-	26,802	26,802	2,646	9,751	12,397
Proceeds from issuance of debt	-	-	-	1,392,727	505,965	1,898,692
Principal payments - bonds and notes	(482,413)	(64,860)	(547,273)	-	(75,000)	(75,000)
Interest paid	(68,720)	(3,937)	(72,657)	-	(19,684)	(19,684)
Purchase of capital assets	(88,420)	(30,897)	(119,317)	(1,257,510)	(185,793)	(1,443,303)
Net cash provided (used) by capital and related financing activities	<u>(639,553)</u>	<u>(72,892)</u>	<u>(712,445)</u>	<u>137,863</u>	<u>235,239</u>	<u>373,102</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	382	92	474	519	362	881
Net cash provided (used) by investing activities	<u>382</u>	<u>92</u>	<u>474</u>	<u>519</u>	<u>362</u>	<u>881</u>
Net increase (decrease) in cash and equivalents	(230,461)	18,471	(211,990)	77,618	467,746	545,364
Cash and equivalents - July 1, 2011	<u>1,146,133</u>	<u>601,023</u>	<u>1,747,156</u>	<u>1,386,363</u>	<u>877,269</u>	<u>2,263,632</u>
Cash and equivalents - June 30, 2012	<u>915,672</u>	<u>619,494</u>	<u>1,535,166</u>	<u>1,463,981</u>	<u>1,345,015</u>	<u>2,808,996</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income	<u>95,519</u>	<u>(6,174)</u>	<u>89,345</u>	<u>84,382</u>	<u>(428,316)</u>	<u>(343,934)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation	275,065	93,121	368,186	349,767	785,291	1,135,058
(Increase) decrease in accounts receivable	(7,891)	1,868	(6,023)	(105,669)	(22,045)	(127,714)
Increase (decrease) in accounts payable	(12,994)	(3,293)	(16,287)	(435,061)	(127,155)	(562,216)
Increase (decrease) in accrued expenses	15,584	5,685	21,269	26,079	15,992	42,071
Total adjustments	<u>269,764</u>	<u>97,381</u>	<u>367,145</u>	<u>(164,884)</u>	<u>652,083</u>	<u>487,199</u>
Net cash provided (used) by operating activities	<u>\$ 365,283</u>	<u>\$ 91,207</u>	<u>\$ 456,490</u>	<u>(\$ 80,502)</u>	<u>\$ 223,767</u>	<u>\$ 143,265</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
OUTDOOR FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Operating Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES				
Charges for services	\$ 179,618	\$ -	\$ -	\$ 179,618
Rents and other income	<u>4,332</u>	<u>-</u>	<u>-</u>	<u>4,332</u>
Total Operating Revenues	<u>183,950</u>	<u>-</u>	<u>-</u>	<u>183,950</u>
OPERATING EXPENSES				
Personal services	104,407	-	-	104,407
Utilities	52,590	-	-	52,590
Contract services	3,002	-	-	3,002
Equipment operation	5,785	-	-	5,785
Materials and supplies	5,027	-	-	5,027
Insurance expense	5,957	-	-	5,957
Small equipment	-	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>15,743</u>	<u>15,743</u>
Total Operating Expenses	<u>176,768</u>	<u>-</u>	<u>15,743</u>	<u>192,511</u>
Operating Income (Loss)	<u>7,182</u>	<u>-</u>	<u>(15,743)</u>	<u>(8,561)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	17	-	17
Interest expense	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,000)</u>	<u>17</u>	<u>-</u>	<u>(983)</u>
Income (Loss) Before Transfers	<u>6,182</u>	<u>17</u>	<u>(15,743)</u>	<u>(9,544)</u>
TRANSFERS				
Transfers in	54,000	35,000	19,000	108,000
Transfers out	<u>(54,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>(58,000)</u>
Total Transfers	<u>-</u>	<u>31,000</u>	<u>19,000</u>	<u>50,000</u>
Change in Net Assets	6,182	31,017	3,257	40,456
Total Net Assets - July 1, 2011	<u>(3,092)</u>	<u>31,362</u>	<u>63,706</u>	<u>91,976</u>
Total Net Assets - June 30, 2012	<u>\$ 3,090</u>	<u>\$ 62,379</u>	<u>\$ 66,963</u>	<u>\$ 132,432</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
SOLID WASTE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Operating Fund	Equipment Reserve Fund	Closure Reserve Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES						
Charges for services	\$ 730,222	\$ -	\$ -	\$ -	\$ -	\$ 730,222
Rents and other income	13,188	-	-	-	-	13,188
Total Operating Revenues	<u>743,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>743,410</u>
OPERATING EXPENSES						
Personal services	323,990	-	-	-	-	323,990
Administration expenses	7,373	-	-	-	-	7,373
Utilities	13,636	-	-	-	-	13,636
Contract services	438,167	-	-	-	-	438,167
Postclosure care costs	22,762	-	(23,000)	-	-	(238)
Franchise tax	5,956	-	-	-	-	5,956
Waste generation fee	8,602	-	-	-	-	8,602
Equipment operation	9,542	-	-	-	-	9,542
Repairs and maintenance	10,018	-	-	-	-	10,018
Materials and supplies	7,213	-	-	-	-	7,213
Insurance expense	7,358	-	-	-	-	7,358
Small equipment	1,417	-	-	-	-	1,417
Depreciation	-	-	-	-	70,452	70,452
Total Operating Expenses	<u>856,034</u>	<u>-</u>	<u>(23,000)</u>	<u>-</u>	<u>70,452</u>	<u>903,486</u>
Operating Income (Loss)	<u>(112,624)</u>	<u>-</u>	<u>23,000</u>	<u>-</u>	<u>(70,452)</u>	<u>(160,076)</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	2,376	-	-	-	-	2,376
Interest income	-	28	299	2	-	329
Total Nonoperating Revenues (Expenses)	<u>2,376</u>	<u>28</u>	<u>299</u>	<u>2</u>	<u>-</u>	<u>2,705</u>
Income (Loss) Before Transfers	<u>(110,248)</u>	<u>28</u>	<u>23,299</u>	<u>2</u>	<u>(70,452)</u>	<u>(157,371)</u>
TRANSFERS						
Transfers in	187,377	64	-	20,168	18,679	226,288
Transfers out	<u>(38,847)</u>	<u>-</u>	<u>(36,977)</u>	<u>(64)</u>	<u>-</u>	<u>(75,888)</u>
Total Transfers	<u>148,530</u>	<u>64</u>	<u>(36,977)</u>	<u>20,104</u>	<u>18,679</u>	<u>150,400</u>
Change in Net Assets	38,282	92	(13,678)	20,106	(51,773)	(6,971)
Total Net Assets - July 1, 2011	<u>208,353</u>	<u>51,690</u>	<u>113,731</u>	<u>3,239</u>	<u>841,952</u>	<u>1,218,965</u>
Total Net Assets - June 30, 2012	<u>\$ 246,635</u>	<u>\$ 51,782</u>	<u>\$ 100,053</u>	<u>\$ 23,345</u>	<u>\$ 790,179</u>	<u>\$ 1,211,994</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
CENTRAL WATER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 987,763	\$ -	\$ -	\$ -	\$ 987,763
Rents and other income	5,132	1,806	-	-	6,938
Total Operating Revenues	<u>992,895</u>	<u>1,806</u>	<u>-</u>	<u>-</u>	<u>994,701</u>
OPERATING EXPENSES					
Personal services	377,371	-	-	-	377,371
Administration expenses	18,426	-	-	-	18,426
Utilities	83,287	-	-	-	83,287
Contract services	22,243	-	-	-	22,243
Equipment operation	12,889	-	-	-	12,889
Repairs and maintenance	30,086	-	-	-	30,086
Materials and supplies	61,056	-	-	-	61,056
Insurance expense	10,278	-	-	-	10,278
Small equipment	8,482	-	-	-	8,482
Depreciation	-	-	-	275,064	275,064
Total Operating Expenses	<u>624,118</u>	<u>-</u>	<u>-</u>	<u>275,064</u>	<u>899,182</u>
Operating Income (Loss)	<u>368,777</u>	<u>1,806</u>	<u>-</u>	<u>(275,064)</u>	<u>95,519</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	-	-	-
Interest income	-	128	254	-	382
Interest expense	(66,024)	-	-	-	(66,024)
Total Nonoperating Revenues (Expenses)	<u>(66,024)</u>	<u>128</u>	<u>254</u>	<u>-</u>	<u>(65,642)</u>
Income (Loss) Before Transfers	<u>302,753</u>	<u>1,934</u>	<u>254</u>	<u>(275,064)</u>	<u>29,877</u>
TRANSFERS					
Transfers in	142,242	-	119,807	579,087	841,136
Transfers out	(698,894)	-	(111,192)	-	(810,086)
Total Transfers	<u>(556,652)</u>	<u>-</u>	<u>8,615</u>	<u>579,087</u>	<u>31,050</u>
Change in Net Assets	<u>(253,899)</u>	<u>1,934</u>	<u>8,869</u>	<u>304,023</u>	<u>60,927</u>
Total Net Assets - July 1, 2011	<u>485,198</u>	<u>241,783</u>	<u>481,538</u>	<u>2,861,181</u>	<u>4,069,700</u>
Total Net Assets - June 30, 2012	<u>\$ 231,299</u>	<u>\$ 243,717</u>	<u>\$ 490,407</u>	<u>\$ 3,165,204</u>	<u>\$ 4,130,627</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
QUECHEE WATER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 333,783	\$ -	\$ -	\$ -	\$ 333,783
Rents and other income	1,736	2,403	-	-	4,139
Total Operating Revenues	<u>335,519</u>	<u>2,403</u>	<u>-</u>	<u>-</u>	<u>337,922</u>
OPERATING EXPENSES					
Personal services	123,618	-	-	-	123,618
Administration expenses	5,566	-	-	-	5,566
Utilities	81,809	-	-	-	81,809
Contract services	15,297	-	-	-	15,297
Equipment operation	4,845	-	-	-	4,845
Repairs and maintenance	8,816	-	-	-	8,816
Materials and supplies	4,484	-	-	-	4,484
Insurance expense	2,205	-	-	-	2,205
Small equipment	4,335	-	-	-	4,335
Depreciation	-	-	-	93,121	93,121
Total Operating Expenses	<u>250,975</u>	<u>-</u>	<u>-</u>	<u>93,121</u>	<u>344,096</u>
Operating Income (Loss)	<u>84,544</u>	<u>2,403</u>	<u>-</u>	<u>(93,121)</u>	<u>(6,174)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	76,042	-	-	-	76,042
Interest revenue	-	-	92	-	92
Interest expense	(3,852)	-	-	-	(3,852)
Other income	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>72,190</u>	<u>-</u>	<u>92</u>	<u>-</u>	<u>72,282</u>
Income (Loss) Before Transfers	<u>156,734</u>	<u>2,403</u>	<u>92</u>	<u>(93,121)</u>	<u>66,108</u>
TRANSFERS					
Transfers in	24,861	-	60,968	101,438	187,267
Transfers out	(162,406)	-	(24,861)	-	(187,267)
Total Transfers	<u>(137,545)</u>	<u>-</u>	<u>36,107</u>	<u>101,438</u>	<u>-</u>
Change in Net Assets	19,189	2,403	36,199	8,317	66,108
Total Net Assets - July 1, 2011	<u>418,013</u>	<u>49,667</u>	<u>171,997</u>	<u>1,301,858</u>	<u>1,941,535</u>
Total Net Assets - June 30, 2012	<u>\$ 437,202</u>	<u>\$ 52,070</u>	<u>\$ 208,196</u>	<u>\$ 1,310,175</u>	<u>\$ 2,007,643</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
CENTRAL WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 1,279,994	\$ -	\$ -	\$ -	\$ 1,279,994
Rents and other income	34,377	3,866	-	-	38,243
Total Operating Revenues	<u>1,314,371</u>	<u>3,866</u>	<u>-</u>	<u>-</u>	<u>1,318,237</u>
OPERATING EXPENSES					
Personal services	504,072	-	-	-	504,072
Administration expenses	7,353	-	-	-	7,353
Utilities	160,899	-	-	-	160,899
Contract services	69,609	-	-	-	69,609
Equipment operation	17,704	-	-	-	17,704
Repairs and maintenance	42,645	-	-	-	42,645
Materials and supplies	53,481	-	-	-	53,481
Insurance expense	22,891	-	-	-	22,891
Small equipment	5,434	-	-	-	5,434
Depreciation	-	-	-	349,767	349,767
Total Operating Expenses	<u>884,088</u>	<u>-</u>	<u>-</u>	<u>349,767</u>	<u>1,233,855</u>
Operating Income (Loss)	<u>430,283</u>	<u>3,866</u>	<u>-</u>	<u>(349,767)</u>	<u>84,382</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	21,306	-	-	-	21,306
Interest income	-	320	199	-	519
Interest expense	(4,561)	-	-	-	(4,561)
Other expense	(11,187)	-	-	-	(11,187)
Total Nonoperating Revenues (Expenses)	<u>5,558</u>	<u>320</u>	<u>199</u>	<u>-</u>	<u>6,077</u>
Income (Loss) Before Transfers	<u>435,841</u>	<u>4,186</u>	<u>199</u>	<u>(349,767)</u>	<u>90,459</u>
TRANSFERS					
Transfers in	-	-	96,599	89,053	185,652
Transfers out	(185,652)	-	-	-	(185,652)
Total Transfers	<u>(185,652)</u>	<u>-</u>	<u>96,599</u>	<u>89,053</u>	<u>-</u>
Change in Net Assets	250,189	4,186	96,798	(260,714)	90,459
Total Net Assets - July 1, 2011	<u>339,426</u>	<u>561,015</u>	<u>366,004</u>	<u>4,187,058</u>	<u>5,453,503</u>
Total Net Assets - June 30, 2012	<u>\$ 589,615</u>	<u>\$ 565,201</u>	<u>\$ 462,802</u>	<u>\$ 3,926,344</u>	<u>\$ 5,543,962</u>

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
QUECHEE WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 861,995	\$ -	\$ -	\$ -	\$ 861,995
Rents and other income	2,955	1,088	-	-	4,043
Total Operating Revenues	<u>864,950</u>	<u>1,088</u>	<u>-</u>	<u>-</u>	<u>866,038</u>
OPERATING EXPENSES					
Personal services	287,731	-	-	-	287,731
Administration expenses	16,985	-	-	-	16,985
Utilities	73,116	-	-	-	73,116
Contract services	77,396	-	-	-	77,396
Equipment operation	12,177	-	-	-	12,177
Repairs and maintenance	6,610	-	-	-	6,610
Materials and supplies	26,513	-	-	-	26,513
Insurance expense	5,461	-	-	-	5,461
Small equipment	3,074	-	-	-	3,074
Depreciation	-	-	-	785,291	785,291
Total Operating Expenses	<u>509,063</u>	<u>-</u>	<u>-</u>	<u>785,291</u>	<u>1,294,354</u>
Operating Income (Loss)	<u>355,887</u>	<u>1,088</u>	<u>-</u>	<u>(785,291)</u>	<u>(428,316)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	119,969	-	-	-	119,969
Interest revenue	-	106	211	45	362
Interest expense	(25,818)	-	-	-	(25,818)
Other expense	(13,071)	-	-	-	(13,071)
Total Nonoperating Revenues (Expenses)	<u>81,080</u>	<u>106</u>	<u>211</u>	<u>45</u>	<u>81,442</u>
Income (Loss) Before Transfers	<u>436,967</u>	<u>1,194</u>	<u>211</u>	<u>(785,246)</u>	<u>(346,874)</u>
TRANSFERS					
Transfers in	129,471	-	37,882	-	167,353
Transfers out	(37,882)	-	-	(129,471)	(167,353)
Total Transfers	<u>91,589</u>	<u>-</u>	<u>37,882</u>	<u>(129,471)</u>	<u>-</u>
Change in Net Assets	528,556	1,194	38,093	(914,717)	(346,874)
Total Net Assets - July 1, 2011	<u>239,605</u>	<u>197,832</u>	<u>392,011</u>	<u>6,763,375</u>	<u>7,592,823</u>
Total Net Assets - June 30, 2012	<u>\$ 768,161</u>	<u>\$ 199,026</u>	<u>\$ 430,104</u>	<u>\$ 5,848,658</u>	<u>\$ 7,245,949</u>

TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OUTDOOR FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 219,640	\$ 179,618	(\$ 40,022)
Rents and other income	53,000	54,332	1,332
Total Operating Revenues	272,640	233,950	(38,690)
OPERATING EXPENSES			
Personal services	75,787	104,407	(28,620)
Utilities	50,000	52,590	(2,590)
Contract services	11,197	3,002	8,195
Equipment operation	4,600	5,785	(1,185)
Materials and supplies	4,850	5,027	(177)
Insurance expense	5,929	5,957	(28)
Small equipment	750	-	750
Debt service	16,178	1,000	15,178
Capital reserve	93,349	35,000	58,349
Capital outlay	10,000	4,000	6,000
Total Operating Expenses	272,640	216,768	55,872
Change in Net Assets	\$ -	\$ 17,182	\$ 17,182

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

Change in Net Assets - Budgetary Basis	\$ 17,182
Depreciation Expense	(15,743)
Purchase of Capital Assets	4,000
Principal Payments on Bonds and Leases	35,000
Interest Income	17
Change in Net Assets - GAAP Basis	\$ 40,456

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, 2012

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 718,111	\$ 730,222	\$ 12,111
Rents and other income	190,052	165,964	(24,088)
Total Operating Revenues	908,163	896,186	(11,977)
OPERATING EXPENSES			
Personal services	299,778	323,990	(24,212)
Administration expenses	7,375	7,373	2
Utilities	15,445	13,636	1,809
Contract services	471,938	438,167	33,771
Postclosure care costs	24,000	22,762	1,238
Franchise tax	8,400	5,956	2,444
Waste generation fee	8,855	8,602	253
Equipment operation	15,100	9,542	5,558
Repairs and maintenance	10,500	10,018	482
Materials and supplies	7,500	7,213	287
Insurance expense	6,304	7,358	(1,054)
Small equipment	12,800	1,417	11,383
Capital reserve	20,168	20,168	-
Capital outlay	-	18,679	(18,679)
Total Operating Expenses	908,163	894,881	13,282
Change in Net Assets	\$ -	\$ 1,305	\$ 1,305

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

Change in Net Assets - Budgetary Basis	\$ 1,305
Depreciation Expense	(70,452)
Purchase of Capital Assets	18,679
Landfill Closure Costs	23,000
Transfers to/(from) Capital Reserve Fund	20,168
Interest Income	329
Change in Net Assets - GAAP Basis	(\$ 6,971)

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, 2012

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,002,236	\$ 987,763	(\$ 14,473)
Rents and other income	335,607	147,374	(188,233)
Total Operating Revenues	1,337,843	1,135,137	(202,706)
OPERATING EXPENSES			
Personal services	320,649	377,371	(56,722)
Administration expenses	21,100	18,426	2,674
Utilities	73,555	83,287	(9,732)
Contract services	65,535	22,243	43,292
Equipment operation	13,125	12,889	236
Repairs and maintenance	28,000	30,086	(2,086)
Materials and supplies	322,557	61,056	261,501
Insurance expense	9,605	10,278	(673)
Small equipment	57,280	8,482	48,798
Debt service	306,630	301,657	4,973
Capital reserve	119,807	119,807	-
Capital outlay	-	113,803	(113,803)
Total Operating Expenses	1,337,843	1,159,385	178,458
Change in Net Assets	\$ -	(\$ 24,248)	(\$ 24,248)

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

Change in Net Assets - Budgetary Basis	(\$ 24,248)
Depreciation Expense	(275,064)
Purchase of Capital Assets	113,803
Principal Payments on Bonds and Leases	235,633
Transfers to/(from) Impact Fee Funds	-
Transfers to/(from) Capital Reserve Funds	8,615
Impact Fee Income	1,806
Interest Income	382
Change in Net Assets - GAAP Basis	\$ 60,927

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, 2012

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 338,538	\$ 333,783	(\$ 4,755)
Rents and other	33,500	102,639	69,139
Total Operating Revenues	372,038	436,422	64,384
OPERATING EXPENSES			
Personal services	146,573	123,618	22,955
Administration expenses	5,700	5,566	134
Utilities	30,950	27,441	3,509
Contract services	19,500	69,665	(50,165)
Equipment operation	5,000	4,845	155
Repairs and maintenance	20,500	8,816	11,684
Materials and supplies	6,600	4,484	2,116
Insurance expense	2,030	2,205	(175)
Small equipment	55,280	4,335	50,945
Debt service	18,937	18,852	85
Capital reserve	60,968	60,968	-
Total Operating Expenses	372,038	330,795	41,243
Change in Net Assets	\$ -	\$ 105,627	\$ 105,627

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

Change in Net Assets - Budgetary Basis	\$ 105,627
Depreciation Expense	(93,121)
Purchase of Capital Assets	-
Principal Payments on Bonds and Leases	15,000
Transfers to/(from) Capital Reserve Funds	36,107
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	2,403
Interest Income	92
Change in Net Assets - GAAP Basis	\$ 66,108

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, 2012

	<u>Budgeted</u> Amounts	<u>Actual</u> Amounts	<u>Variance-</u> Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,124,004	\$ 1,279,994	\$ 155,990
Rents and other income	<u>182,557</u>	<u>55,683</u>	<u>(126,874)</u>
Total Operating Revenues	<u>1,306,561</u>	<u>1,335,677</u>	<u>29,116</u>
OPERATING EXPENSES			
Personal services	537,861	504,072	33,789
Administration expenses	12,975	7,353	5,622
Utilities	191,050	160,899	30,151
Contract services	87,200	69,609	17,591
Equipment operation	32,696	17,704	14,992
Repairs and maintenance	65,000	42,645	22,355
Materials and supplies	38,400	53,481	(15,081)
Insurance expense	21,323	22,891	(1,568)
Small equipment	42,900	5,434	37,466
Debt service	96,599	96,599	-
Capital reserve	-	4,561	(4,561)
Capital outlay	180,557	1,402,211	(1,221,654)
Other expense	<u>-</u>	<u>11,187</u>	<u>(11,187)</u>
Total Operating Expenses	<u>1,306,561</u>	<u>2,398,646</u>	<u>(1,092,085)</u>
Change in Net Assets	<u>\$ -</u>	<u>(\$ 1,062,969)</u>	<u>(\$ 1,062,969)</u>

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

Change in Net Assets - Budgetary Basis	(\$ 1,062,969)
Depreciation Expense	(349,767)
Purchase of Capital Assets	1,402,211
Transfers to/(from) Capital Reserve Funds	96,599
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	3,866
Interest Income	<u>519</u>
Change in Net Assets - GAAP Basis	<u>\$ 90,459</u>

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, 2012

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 720,298	\$ 861,995	\$ 141,697
Rents and other income	2,588	122,924	120,336
Total Operating Revenues	722,886	984,919	262,033
OPERATING EXPENSES			
Personal services	295,507	287,731	7,776
Administration expenses	14,600	16,985	(2,385)
Utilities	68,500	73,116	(4,616)
Contract services	116,800	77,396	39,404
Equipment operation	18,215	12,177	6,038
Repairs and maintenance	12,500	6,610	5,890
Materials and supplies	21,000	26,513	(5,513)
Insurance expense	4,998	5,461	(463)
Small equipment	38,200	3,074	35,126
Debt service	94,684	100,818	(6,134)
Capital reserve	37,882	37,882	-
Capital outlay	-	3,712,078	(3,712,078)
Other expense	-	13,071	(13,071)
Total Operating Expenses	722,886	4,372,912	(3,650,026)
Change in Net Assets	\$ -	(\$ 3,387,993)	(\$ 3,387,993)

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

Change in Net Assets - Budgetary Basis	(\$ 3,387,993)
Depreciation Expense	(785,291)
Purchase of Capital Assets	3,712,078
Principal Payments on Bonds and Leases	75,000
Transfers to/(from) Capital Reserve Funds	37,882
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	1,088
Interest Income	362
Change in Net Assets - GAAP Basis	(\$ 346,874)

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Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

To the Board of Selectmen
Town of Hartford, Vermont

We have audited the 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, 2012, which collectively comprise the Town of Hartford, Vermont's basic financial statements, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Hartford, Vermont is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Hartford, Vermont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hartford, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Hartford, Vermont's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements, on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Hartford, Vermont's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all significant deficiencies or material weaknesses have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, as described in the accompanying Schedule of Findings and Deficiencies in Internal Control, as Item 12-1, that we consider to be a significant deficiency. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

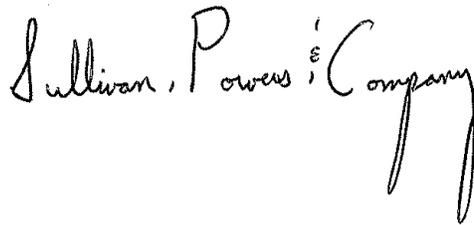
As part of obtaining reasonable assurance about whether the Town of Hartford, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

We have also noted certain other matters which we have reported to the management of the Town of Hartford, Vermont in a separate letter dated December 21, 2012).

The Town of Hartford, Vermont's response to the finding identified in our audit is included with the accompanying Schedule of Findings and Deficiencies in Internal Control. We did not audit the Town of Hartford, Vermont's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Selectmen, others within the Town and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 21, 2012
Montpelier, Vermont
Vt Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized initial 'S' and a long, sweeping tail on the 'y'.

TOWN OF HARTFORD, VERMONT
SCHEDULE OF FINDINGS AND DEFICIENCIES IN INTERNAL CONTROL
JUNE 30, 2012

Deficiencies in Internal Control:

Material Weaknesses:

None noted.

Significant Deficiencies:

12-1 Authorization of General Journal Entries

Criteria:

Internal controls should be in place that requires appropriate officials to authorize all adjustments to the books of original entry. These adjustments should be supported by documentation indicating the nature and amount of the adjustments made.

Condition:

Internal control policies over journal entry authorization were not followed during the year. Journal entries made were not approved by a second authorized individual. Further, supporting documentation was not maintained for all journal entries.

Cause:

Limited staff in the Finance Department caused the policy to be overlooked.

Effect:

This one deficiency in the internal control structure could allow other working control policies to be circumvented. As a result, unauthorized adjustments or transactions, including erroneous or fraudulent items, could be recorded and not detected.

Recommendation:

We recommend that the Town adhere to the policy that requires appropriate officials to authorize all general journal entries, so as not to circumvent the original approval process. Further, supporting documentation should be maintained for all journal entries.

Management Response:

Management agrees with the above recommendation. This finding has been fully addressed and procedures for approval of journal entries by a second authorized individual have now been in place since July 1, 2012. The Finance Director is preparing journal entries monthly and the Treasurer is reviewing all of these journal entries. No further action is necessary to address this finding.