

TOWN OF HARTFORD, VERMONT

AUDIT REPORT

JUNE 30, 2013

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AUDIT REPORT
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Independent Auditor's Report

Board of Selectmen
Town of Hartford
171 Bridge Street
Hartford, Vermont 05001

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Hartford, Vermont's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 4 through 12 and Schedule 1 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

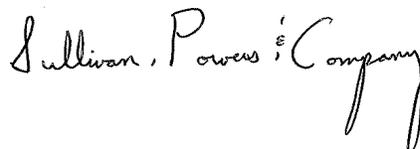
As described in Note I.F. to the financial statements, effective June 30, 2013, the Town of Hartford, Vermont implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position".

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 the enterprise funds 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.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated January 20, 2014 on our consideration of the Town of Hartford, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 performed in accordance with "Government Auditing Standards" in considering the Town of Hartford, Vermont's internal control over financial reporting and compliance.

January 20, 2014
Montpelier, Vermont
VT Lic. #92-000180



Management's Discussion and Analysis

As management of the Town of Hartford, we offer readers of the Town of Hartford's financial statements this narrative overview and analysis of the financial activities of the Town of Hartford for the fiscal year ended June 30, 2013. 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 \$46,295,091 (*net position*). Of this amount, \$7,651,278 (*unrestricted net position*) 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 position increased by \$1,364,242. Of this amount, net position attributable to governmental activities increased by \$1,652,583, and net position attributable to business-type activities decreased by \$288,341.
- As of the close of the current fiscal year, the Town of Hartford's governmental funds reported combined ending fund balances of \$5,964,504, an increase of \$183,202 in comparison with the prior year. Of this total amount, \$437,184 is *available for spending* at the government's discretion. Of this balance, \$814,194 represents negative fund balances for funds where revenues were received after June 30, 2013, and \$1,251,378 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,251,378 or 8.6 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 \$1,454,122 as of the current fiscal year.

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 position* presents information on all of the Town of Hartford's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. 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 eighteen individual governmental funds, including the General Fund, four Special Revenue Funds, eleven 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, the Hurricane Irene Fund, and the Quechee Covered Bridge 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 Funds, and its Wastewater Funds.

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 Funds, and the Wastewater Funds, 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 POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 7,804,262	\$ 7,764,071	\$ 7,855,796	\$ 6,330,440	\$ 15,660,058	\$ 14,094,511
Capital assets	24,934,884	22,019,256	29,379,331	30,875,989	54,314,215	52,895,245
Total Assets	32,739,146	29,783,327	37,235,127	37,206,429	69,974,273	66,989,756
Long-term liabilities outstanding	4,669,350	3,488,619	15,743,189	15,923,316	20,412,539	19,411,935
Other liabilities	1,694,012	1,588,988	1,507,672	1,010,506	3,201,684	2,599,494
Total Liabilities	6,363,362	5,077,607	17,250,861	16,933,822	23,614,223	22,011,429
Unavailable revenues - prepaid taxes	64,959	47,478	-	-	64,959	47,478
Total deferred inflows of resources	64,959	47,478	-	-	64,959	47,478
Net Position						
Net investment in capital assets	22,226,677	20,238,216	13,377,776	15,107,523	35,604,453	35,345,739
Restricted	2,037,191	2,223,943	1,002,169	1,060,014	3,039,360	3,283,957
Unrestricted	2,046,957	2,196,083	5,604,321	4,105,070	7,651,278	6,301,153
Total Net Position	\$ 26,310,825	\$ 24,658,242	\$ 19,984,266	\$ 20,272,607	\$ 46,295,091	\$ 44,930,849

As noted earlier, net position 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 \$46,295,091 at the close of the most recent fiscal year.

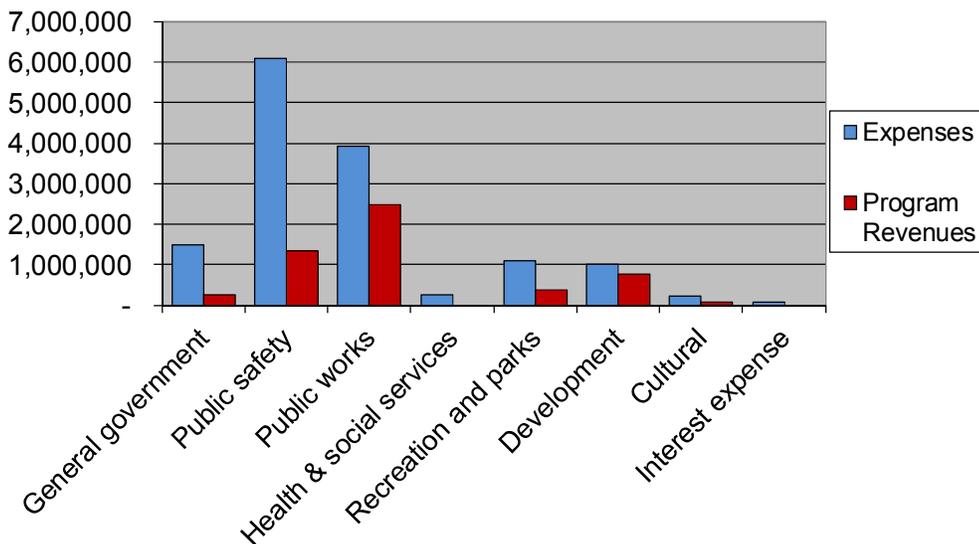
By far the largest portion of the Town of Hartford's net position (77%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Hartford uses these capital assets to provide 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 position (7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of *unrestricted net position* (\$7,651,278) may be used to meet the government's ongoing obligations to citizens and creditors. Included in unrestricted net position 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 position 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 position by \$1,652,583 during the current fiscal year. Net investment in capital assets, net of related debt, increased by \$1,988,461. This increase resulted from the net effect of a increase as a result of depreciation exceeding capital outlays expense by \$2,915,630, an increase as a result of principal payments on long-term bonds and notes of \$202,066, a decrease as a result of proceeds from the issuance of long-term debt of \$1,135,225, and a \$5,993 change in retainage payable. Restricted net position decreased by \$186,752, primarily as a result of the use of impact fees and the use of Maxfield Property funds which both decreased the amount restricted. Unrestricted net position decreased by \$149,126, primarily as a result of created contributions of assets to the restricted category.

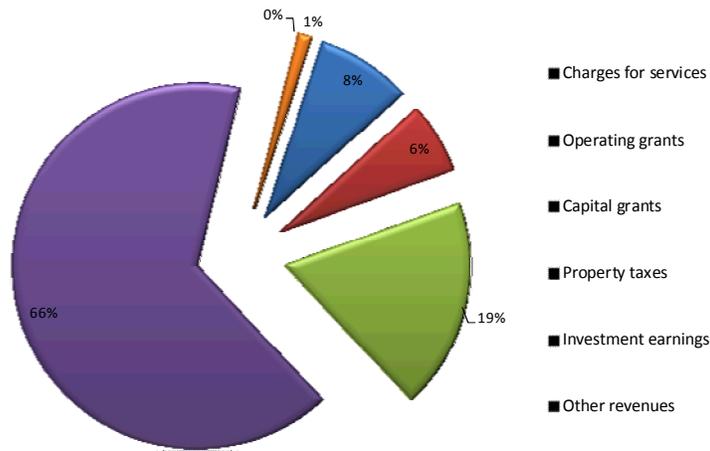
Expenses and Program Revenues - Governmental Activities



TOWN OF HARTFORD, VERMONT'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 1,328,663	\$ 1,188,295	\$ 4,547,581	\$ 4,373,375	\$ 5,876,244	\$ 5,561,670
Operating grants and contributions	997,752	1,948,987	272,859	219,693	1,270,611	2,168,680
Capital grants and contributions	2,969,811	1,376,618	-	-	2,969,811	1,376,618
General revenues						
Property taxes	10,543,220	10,195,119	-	-	10,543,220	10,195,119
Unrestricted investment earnings	12,820	15,181	1,126	1,701	13,946	16,882
Gain(loss) on sale of capital assets	(18,586)	-	-	-	(18,586)	-
Other revenues	182,758	186,292	162,433	70,883	345,191	257,175
Total Revenues	16,016,438	14,910,492	4,983,999	4,665,652	21,000,437	19,576,144
Expenses						
Governmental activities						
General government						
Administration	688,321	705,490	-	-	688,321	705,490
Elections and vital statistics	201,313	150,775	-	-	201,313	150,775
Finance	391,263	396,849	-	-	391,263	396,849
Valuation	191,270	191,393	-	-	191,270	191,393
Boards & commissions	8,210	-	-	-	8,210	-
Public safety						
Police	2,485,084	2,524,202	-	-	2,485,084	2,524,202
Fire and ambulance	2,926,545	2,819,565	-	-	2,926,545	2,819,565
Dispatch	682,687	671,409	-	-	682,687	671,409
Public works						
Highways	3,801,663	4,068,137	-	-	3,801,663	4,068,137
Public works administration	127,981	174,541	-	-	127,981	174,541
Health and social services	257,425	255,821	-	-	257,425	255,821
Recreation and parks						
Recreation administration	191,942	183,384	-	-	191,942	183,384
Recreation programs	307,985	309,571	-	-	307,985	309,571
Parks	590,413	576,322	-	-	590,413	576,322
Conservation and development	1,011,685	600,520	-	-	1,011,685	600,520
Cultural	235,259	605,248	-	-	235,259	605,248
Interest on long-term debt	64,409	38,974	-	-	64,409	38,974
Business-type activities						
Outdoor facilities	-	-	198,217	193,511	198,217	193,511
Solid waste	-	-	885,474	903,486	885,474	903,486
Water and wastewater	-	-	4,389,049	3,896,000	4,389,049	3,896,000
Total Expenses	14,163,455	14,272,201	5,472,740	4,992,997	19,636,195	19,265,198
Change in net position before transfers	1,852,983	638,291	(488,741)	(327,345)	1,364,242	310,946
Transfers	(200,400)	(231,450)	200,400	231,450	-	-
Change in net position	1,652,583	406,841	(288,341)	(95,895)	1,364,242	310,946
Net position - beginning of year	24,658,242	24,251,401	20,272,607	20,368,502	44,930,849	44,619,903
Net position - end of year	\$ 26,310,825	\$ 24,658,242	\$ 19,984,266	\$ 20,272,607	\$ 46,295,091	\$ 44,930,849

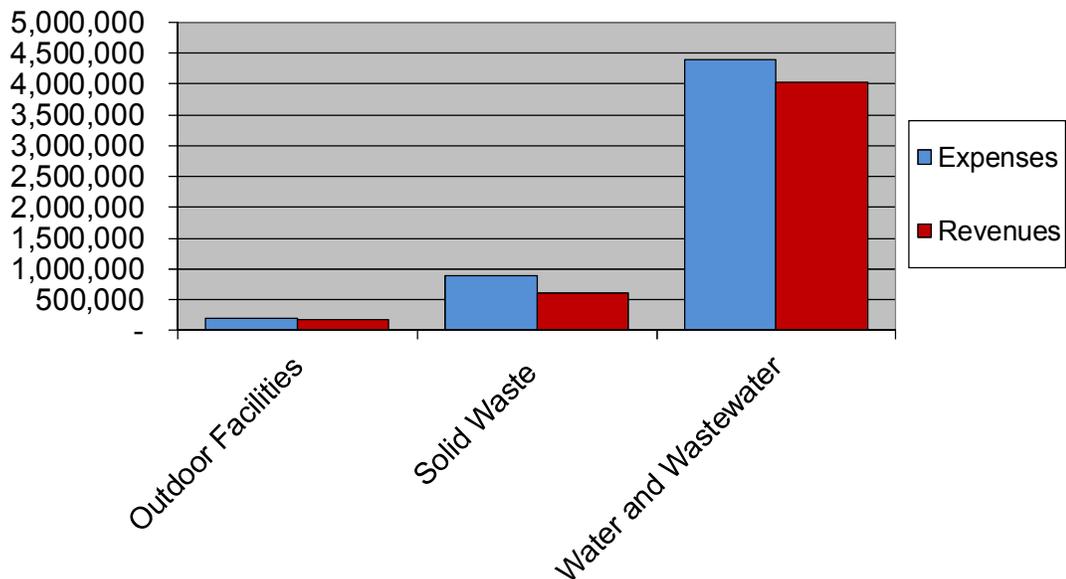
Revenues by Source - Governmental Activities



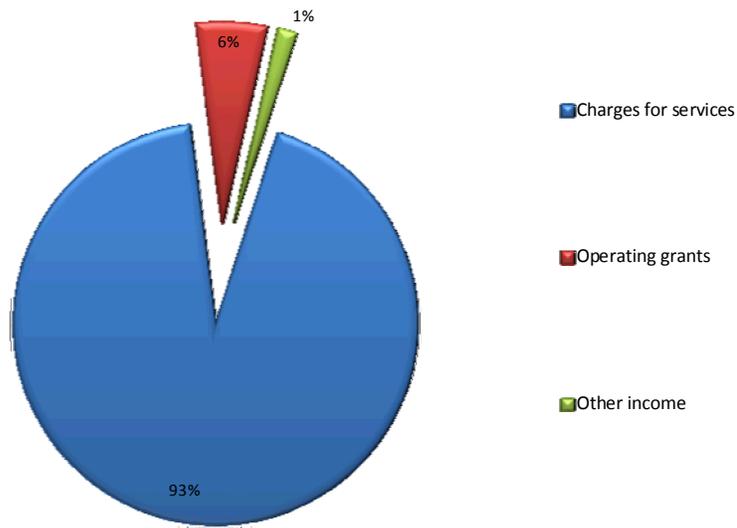
Business-type activities. Business-type activities decreased the Town of Hartford's net position by \$288,341 during the current fiscal year. Key elements of this change are as follows:

- Charges for services increased by 4.0%. Charges for services in the Water Fund remained relatively the same. Charges for services in the Wastewater Fund increased by 13.9%. Charges for services in the Solid Waste Fund decreased by 17.0%.
- Operating expenses (before depreciation) increased by 3.0%.
- Total depreciation expense for business-type activities is \$1,900,598, a 20% 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 \$5,964,504, an increase of \$183,202 in comparison to the prior year. Of this total amount, \$27,168 is non-spendable (permanent fund principal) and \$2,010,023 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, \$3,490,129 has been assigned by the Town for various purposes, and \$437,184 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 \$1,251,378, and assigned fund balance was \$3,034,274. 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 8.6 percent of general fund expenditures and operating transfers, while total fund balance represents 29.5 percent of that same amount.

The fund balance of the Town of Hartford's general fund increased by \$715,435 during the current fiscal year. Key factors in this change are as follows:

- The Town budgeted \$300,000 for WRJ revitalization but nothing was expended during the year.
- The Town budgeted \$47,317 in order to operate the West Hartford Library but because the library was severely damaged during Hurricane Irene only \$1,085 was expended.
- Highway expenditures were budgeted at \$3,354,469 but for a number of different reasons only \$3,016,024 was expended. Actual expenditures were under budget by \$338,445.

- The Town budgeted \$75,000 for construction and engineering to remove the lower reservoir dam but only \$3,877 was spent on this project during the year.
- Revenue from Charges for Services was over budget by \$194,003 during the year.

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. The Town uses a capital project fund to track revenue and expenditures related to the hurricane. This fund includes all repair projects except the Quechee Covered Bridge and the West Hartford Library which each have their own capital project fund. The fund deficit of this fund was \$328,592 as of June 30, 2013 due to revenue lagging behind expenditures significantly and the Town's share of hurricane repair expenses. As of June 30, 2013, the Town has assigned \$310,000 to cover the Town's share of hurricane repair expenses.

The Quechee Covered Bridge was destroyed by Hurricane Irene. Over the last years the Town has worked to fund and then construct a new covered bridge. The Town uses a capital project fund to track revenue and expenditures related to construction of the new bridge. This capital project fund is a major fund.

Special revenue funds consist primarily of community development funds (\$424,305) and impact fee funds (\$123,401). 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 funds to construct a new underpass next to the intersection of bridge street and railroad row near the center of town, stormwater runoff projects, improvements to the public works garage, infrastructure and other land improvements to the Maxfield property, and for construction of a new W. Hartford Library. In addition, three new capital project funds were established during FY2013. One for tracking renovations to the Wendell A. Barwood Arena, one for tracking improvements to the land known as Patriot's Park next to the W. Hartford Library, and one for renovations to the Town municipal building.

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 position of the Solid Waste Fund amounted to \$345,055 and those of the Water Fund amounted to \$1,785,141. Unrestricted net position of the Outdoor Facilities Fund amounted to \$100,496 and those of the Wastewater Fund amounted to \$3,373,629. Unrestricted net position of the Solid Waste Fund decreased by \$76,760, those of the Water Fund increased \$418,037 and those of the Wastewater Fund increased by \$1,122,947. Unrestricted net position of the Outdoor Facilities Fund increased by \$35,027. 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:

- The Town budgeted \$300,000 for WRJ revitalization but nothing was expended during the year.
- The Town budgeted \$47,317 in order to operate the West Hartford Library but because the library was severely damaged during Hurricane Irene only \$1,085 was expended.
- Highway expenditures were budgeted at \$3,354,469 but for a number of different reasons only \$3,016,024 was expended. Actual expenditures were under budget by \$338,445.
- The Town budgeted \$75,000 for construction and engineering to remove the lower reservoir dam but only \$3,877 was spent on this project during the year.
- Revenue from Charges for Services was over budget by \$194,003 during the year.

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, 2013, amounted to \$35,604,453 (net of accumulated depreciation and related debt). This net investment in capital assets includes land, buildings and improvements, vehicles and equipment, roads and bridges, water and wastewater distribution and collection systems, and construction in progress. The net investment in increased by 9.8 percent for governmental activities, and decreased 11.4 percent for business-type activities.

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

- Design, engineering, and construction of the new Quechee Covered Bridge(\$2,213,966)
- FY12/13 Paving(\$1,059,367)
- Design, engineering, and construction of the bridge street underpass(\$761,891)
- FY12/13 Sidewalk Paving(\$223,069)
- Caterpillar Model 924K Wheel Loader for Highway Department(\$129,429)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 883,876	\$ 778,976	\$ 414,158	\$ 414,158	\$ 1,298,034	\$ 1,193,134
Land improvements	590,819	602,423	101,028	93,222	691,847	695,645
Buildings and improvements	2,228,464	2,368,913	16,810,542	17,902,528	19,039,006	20,271,441
Vehicles and equipment	2,832,264	2,934,991	297,265	236,825	3,129,529	3,171,816
Roads, bridges and sidewalks	15,967,788	13,754,514	-	-	15,967,788	13,754,514
Distribution and collection systems	-	-	11,669,702	12,225,256	11,669,702	12,225,256
Construction in progress	2,431,673	1,579,440	86,636	4,000	2,518,309	1,583,440
Total Assets	\$ 24,934,884	\$ 22,019,257	\$ 29,379,331	\$ 30,875,989	\$ 54,314,215	\$ 52,895,246

Additional information on the Town of Hartford's net position 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 \$18,395,402. Of this amount, \$2,230,225 represents bonded debt backed by the full faith and credit of the Town, and \$16,165,177 represents revolving loan debt issued by either the State of Vermont or the Federal Government.

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Bonds payable	\$ 1,870,225	\$ 840,000	\$ 360,000	\$ 465,000	\$ 2,230,225	\$ 1,305,000
Revolving loans payable	826,748	923,814	15,338,429	14,970,753	16,165,177	15,894,567
Totals	\$ 2,696,973	\$ 1,763,814	\$ 15,698,429	\$ 15,435,753	\$ 18,395,402	\$ 17,199,567

The Town of Hartford's total debt increased by \$1,195,835 during the year, reflecting repayments on existing debt of \$453,623, new revolving loan debt within the water and wastewater funds of \$514,233, new bond debt for the Quechee Covered Bridge of \$1,135,225..

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 \$133,023,940 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 2.5 percent, down from 3.3 percent one year ago. This compares with a 3.9 percent rate state-wide, down from 4.6 percent statewide one year ago.
- Health insurance rates have again increased significantly as a result of several factors affecting the healthcare industry
- Restricted, assigned and designated funds at the end of June 30, 2013, amounted to \$9,420,531. 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 \$275,000. 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 again 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 2015 fiscal year.

The Town of Hartford approved a general fund budget for fiscal year 2014 in the amount of \$13,481,930. This represents an increase of \$35,698 or 0.2 percent over the approved budget for the previous year. The Town will utilize \$532,150 in assigned capital funds and \$275,000 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 22, 2013 and were effective July 1, 2013. For the Outdoor Facilities Fund, the family season pass, youth season pass, adult season pass, prime time ice rental, off season full-day, off season hourly, and off season seasonal lease rates were increased by between 8% and 27%. 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 metered usage rates did not increase but the flat rates increased by between 10% and 25%.

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 POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,923,912	\$ 6,935,246	\$ 12,859,158
Investments	13,479	-	13,479
Receivables (net of allowance for uncollectible accounts)			
Taxes receivable	228,709	-	228,709
Accounts receivable	106,599	803,957	910,556
Notes receivable	129,013	-	129,013
Due from other governments	1,011,088	116,593	1,127,681
Restricted assets			
Cash and cash equivalents	391,462	-	391,462
Capital assets (net of accumulated depreciation)			
Land and land improvements	1,474,695	515,186	1,989,881
Buildings and building improvements	2,228,463	16,810,542	19,039,005
Vehicles and equipment	2,832,266	297,265	3,129,531
Roads, bridges and sidewalks	15,967,787	-	15,967,787
Distribution and collection systems	-	11,669,702	11,669,702
Construction in progress	2,431,673	86,636	2,518,309
	<u>32,739,146</u>	<u>37,235,127</u>	<u>69,974,273</u>
Total Assets			
LIABILITIES			
Accounts payable	679,551	205,392	884,943
Accrued payroll and benefits payable	188,395	35,311	223,706
Accrued compensated absences payable	340,281	90,226	430,507
Accrued interest payable	5,445	118,603	124,048
Due to other governments	124,435	268,363	392,798
Unearned revenue	3,948	-	3,948
Noncurrent liabilities			
Due within one year	351,957	789,777	1,141,734
Due in more than one year	4,669,350	15,743,189	20,412,539
	<u>6,363,362</u>	<u>17,250,861</u>	<u>23,614,223</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-prepaid taxes	64,959	-	64,959
	<u>64,959</u>	<u>-</u>	<u>64,959</u>
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	22,226,677	13,377,776	35,604,453
Restricted for:			
Public safety	24,009	-	24,009
Impact fee eligible expenses	123,401	1,002,169	1,125,570
Recreation and parks	831,030	-	831,030
Community development	528,391	-	528,391
Debt service	391,462	-	391,462
Endowments and perpetual care			
Non-expendable	27,168	-	27,168
Expendable	5,351	-	5,351
Other purposes	106,379	-	106,379
Unrestricted	2,046,957	5,604,321	7,651,278
	<u>26,310,825</u>	<u>19,984,266</u>	<u>46,295,091</u>
Total Net Position			

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, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs						
Governmental activities						
General government						
Administration	\$ 688,321	\$ -	\$ 32,911	\$ -	(\$ 655,410)	\$ - (\$ 655,410)
Elections and vital statistics	201,313	150,313	-	-	(51,000)	- (51,000)
Finance	391,263	19,691	-	-	(371,572)	- (371,572)
Valuation	191,270	6	53,886	-	(137,378)	- (137,378)
Boards and commissions	8,210	-	-	-	(8,210)	- (8,210)
Public safety						
Police	2,485,084	52,246	222,011	216	(2,210,611)	- (2,210,611)
Fire and ambulance	2,926,545	519,714	43,830	155,511	(2,207,490)	- (2,207,490)
Dispatch	682,687	343,946	-	-	(338,741)	- (338,741)
Public works						
Highways	3,801,663	2,516	300,056	2,178,856	(1,320,235)	- (1,320,235)
Public works administration	127,981	-	-	-	(127,981)	- (127,981)
Health and social services						
Health and social services	257,425	-	-	-	(257,425)	- (257,425)
Recreation and parks						
Recreation administration	191,942	-	1,375	-	(190,567)	- (190,567)
Recreation programs	307,985	215,082	9,819	-	(83,084)	- (83,084)
Parks	590,413	-	163,389	-	(427,024)	- (427,024)
Conservation and development						
Conservation and development	1,011,685	25,149	170,410	567,478	(248,648)	- (248,648)
Cultural	235,259	-	65	67,750	(167,444)	- (167,444)
Interest on long-term debt	64,409	-	-	-	(64,409)	- (64,409)
Total governmental activities	<u>14,163,455</u>	<u>1,328,663</u>	<u>997,752</u>	<u>2,969,811</u>	<u>(8,867,229)</u>	<u>- (8,867,229)</u>
Business-type activities						
Outdoor facilities	198,217	180,455	-	-	- (17,762)	(17,762)
Solid waste	885,474	605,884	4,817	-	- (274,773)	(274,773)
Water and wastewater	4,389,049	3,761,242	268,042	-	- (359,765)	(359,765)
Total business-type activities	<u>5,472,740</u>	<u>4,547,581</u>	<u>272,859</u>	<u>-</u>	<u>- (652,300)</u>	<u>(652,300)</u>
Total primary government	<u>\$ 19,636,195</u>	<u>\$ 5,876,244</u>	<u>\$ 1,270,611</u>	<u>\$ 2,969,811</u>	<u>(8,867,229)</u>	<u>(652,300) (9,519,529)</u>
General revenues:						
Property taxes					10,543,220	- 10,543,220
Unrestricted investment earnings					12,820	1,126 13,946
Gain(loss) on sale of capital assets					(18,586)	- (18,586)
Other revenues					182,758	162,433 345,191
Transfers					(200,400)	200,400 -
Total general revenues and transfers					<u>10,519,812</u>	<u>363,959 10,883,771</u>
Change in net position					1,652,583	(288,341) 1,364,242
Net position, July 1, 2012					<u>24,658,242</u>	<u>20,272,607 44,930,849</u>
Net position, June 30, 2013					<u>\$ 26,310,825</u>	<u>\$ 19,984,266 \$ 46,295,091</u>

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

TOWN OF HARTFORD, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Hurricane Irene Fund	Quechee Covered Bridge Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 3,365,559	\$ -	\$ 291,468	\$ 2,266,885	\$ 5,923,912
Investments	-	-	-	13,479	13,479
Receivables (net of allowances for uncollectible accounts)					
Taxes receivable	290,709	-	-	-	290,709
Accounts receivable	68,056	-	-	38,543	106,599
Notes receivable	-	-	-	129,013	129,013
Due from other governments	92,985	31,112	382,567	504,424	1,011,088
Due from other funds	1,622,196	-	-	-	1,622,196
Restricted assets:					
Cash and equivalents	-	-	-	391,462	391,462
Total Assets	<u>5,439,505</u>	<u>31,112</u>	<u>674,035</u>	<u>3,343,806</u>	<u>9,488,458</u>
LIABILITIES					
Accounts payable	256,171	23,813	89,554	310,013	679,551
Accrued payroll and benefits payable	188,395	-	-	-	188,395
Due to other governments	-	-	-	124,435	124,435
Due to other funds	488,703	322,819	454,157	356,518	1,622,197
Unearned revenue	1,700	-	-	2,248	3,948
Total Liabilities	<u>934,969</u>	<u>346,632</u>	<u>543,711</u>	<u>793,214</u>	<u>2,618,526</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues-property taxes	114,315	-	-	-	114,315
Unavailable revenues-prepaid taxes	64,959	-	-	-	64,959
Unavailable revenues-intergovernmental revenues	39,610	13,072	382,567	290,906	726,155
Total deferred inflows of resources	<u>218,884</u>	<u>13,072</u>	<u>382,567</u>	<u>290,906</u>	<u>905,429</u>
FUND BALANCES					
Non-spendable					
Permanent fund principal	-	-	-	27,168	27,168
Restricted for					
Public safety	-	-	-	24,009	24,009
Impact fee eligible expenses	-	-	-	123,401	123,401
Recreation and parks	-	-	-	831,030	831,030
Community development	-	-	-	528,391	528,391
Debt service	-	-	-	391,462	391,462
Endowments - Expendable	-	-	-	5,351	5,351
Other	-	-	-	106,379	106,379
Assigned for					
General government	1,393,374	-	-	-	1,393,374
Public safety	282,455	-	-	-	282,455
Public works	1,060,615	-	-	51,996	1,112,611
Health and social services	12,512	-	-	-	12,512
Recreation and parks	74,938	-	-	80,000	154,938
Conservation and development	170,850	-	-	-	170,850
Cultural	39,530	-	-	323,859	363,389
Unassigned, reported in:					
General fund	1,251,378	-	-	-	1,251,378
Hurricane Irene capital project fund	-	(328,592)	-	-	(328,592)
Special revenue funds	-	-	-	(165,797)	(165,797)
Capital projects funds	-	-	(252,243)	(67,562)	(319,805)
Total Fund Balances	<u>4,285,652</u>	<u>(328,592)</u>	<u>(252,243)</u>	<u>2,259,687</u>	<u>5,964,504</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,439,505</u>	<u>\$ 31,112</u>	<u>\$ 674,035</u>	<u>\$ 3,343,806</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. \$ 24,934,884

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 432,744

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (5,021,307)

Net position of governmental activities \$ 26,310,825

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, 2013

	General Fund	Hurricane Irene Fund	Quechee Covered Bridge Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 10,346,491	\$ -	\$ -	\$ -	\$ 10,346,491
Tax penalties and interest	229,273	-	-	-	229,273
Permits and licenses	16,112	-	-	-	16,112
Intergovernmental revenues	835,489	1,437,365	764,746	1,092,779	4,130,379
Charges for current services	1,326,908	-	-	-	1,326,908
Fines and forfeits	3,623	-	-	-	3,623
Impact fees	-	-	-	15,723	15,723
Interest	4,993	-	-	7,828	12,821
Other revenues	115,443	-	10,020	23,209	148,672
	<u>12,878,332</u>	<u>1,437,365</u>	<u>774,766</u>	<u>1,139,539</u>	<u>16,230,002</u>
Total Revenues					
EXPENDITURES					
Current expenditures					
General government					
Administration	620,009	39,730	-	-	659,739
Elections and vital statistics	190,501	-	-	-	190,501
Finance	400,721	-	-	-	400,721
Valuation	179,114	-	-	-	179,114
Board and commissions	8,210	-	-	-	8,210
Public safety					
Police	2,296,197	-	-	4,185	2,300,382
Fire and ambulance	2,557,654	4,074	-	7,919	2,569,647
Dispatch	611,240	-	-	-	611,240
Public works					
Highways	1,533,383	546,309	-	-	2,079,692
Public works administration	121,699	-	-	-	121,699
Health and social services	252,851	-	-	-	252,851
Recreation and parks					
Recreation administration	181,303	-	-	-	181,303
Recreation programs	297,567	-	-	-	297,567
Parks	223,336	273,150	-	34,619	531,105
Conservation and development	425,214	458,901	-	102,950	987,065
Cultural	234,291	-	-	-	234,291
Debt service expenditures					
Principal	-	-	-	202,066	202,066
Interest	-	-	-	62,062	62,062
Capital expenditures					
General government					
Administration	-	-	-	87	87
Public safety					
Police	111,738	-	-	-	111,738
Fire and ambulance	87,405	-	-	111,846	199,251
Dispatch	7,500	-	-	-	7,500
Public works					
Highways	1,438,788	-	1,992,098	761,892	4,192,778
Recreation and parks					
Recreation programs	8,400	-	-	-	8,400
Parks	89,088	-	-	174,830	263,918
Conservation and development	62,711	104,900	-	97,242	264,853
Cultural	-	-	-	72,935	72,935
	<u>11,938,920</u>	<u>1,427,064</u>	<u>1,992,098</u>	<u>1,632,633</u>	<u>16,990,715</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	939,412	10,301	(1,217,332)	(493,094)	(760,713)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,369,230	-	-	515,516	2,884,746
Transfers out	(2,602,297)	-	-	(482,849)	(3,085,146)
Proceeds from issuance of debt	-	-	1,135,225	-	1,135,225
Proceeds from sale of capital assets	9,090	-	-	-	9,090
	<u>(223,977)</u>	<u>-</u>	<u>1,135,225</u>	<u>32,667</u>	<u>943,915</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	715,435	10,301	(82,107)	(460,427)	183,202
Fund Balances - July 1, 2012	3,570,218	(338,893)	(170,136)	2,720,114	5,781,303
Fund Balances - June 30, 2013	<u>\$ 4,285,653</u>	<u>(\$ 328,592)</u>	<u>(\$ 252,243)</u>	<u>\$ 2,259,687</u>	<u>\$ 5,964,505</u>

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

**TOWN OF HARTFORD, VERMONT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

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)	\$ 183,202
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 capital outlays exceeded depreciation in the current period.	2,915,630
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(204,068)
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(933,159)
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>(309,022)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 1,652,583</u></u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	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	\$ 842,594	\$ 1,885,847	\$ 4,101,543	\$ 105,262	\$ 6,935,246
Accounts receivable (net of allowance for uncollectible accounts)	33,052	241,549	529,356	-	803,957
Due from other governments	5,214	3,398	107,981	-	116,593
Total Current Assets	<u>880,860</u>	<u>2,130,794</u>	<u>4,738,880</u>	<u>105,262</u>	<u>7,855,796</u>
Noncurrent Assets					
Capital assets					
Land and land improvements	277,184	34,000	260,125	-	571,309
Buildings and building improvements	1,672,352	280,160	25,961,073	928,840	28,842,425
Vehicles and equipment	378,558	279,368	462,189	73,798	1,193,913
Distribution and collection systems	-	11,141,349	12,102,766	-	23,244,115
Construction in progress	-	-	82,636	4,000	86,636
Less accumulated depreciation	(1,573,429)	(5,321,372)	(16,724,721)	(939,545)	(24,559,067)
Total Noncurrent Assets	<u>754,665</u>	<u>6,413,505</u>	<u>22,144,068</u>	<u>67,093</u>	<u>29,379,331</u>
Total Assets	<u>1,635,525</u>	<u>8,544,299</u>	<u>26,882,948</u>	<u>172,355</u>	<u>37,235,127</u>
LIABILITIES					
Current Liabilities					
Accounts payable	61,737	18,642	124,365	648	205,392
Accrued payroll and benefits payable	5,892	8,959	16,343	4,117	35,311
Accrued compensated absences payable	15,273	26,863	48,090	-	90,226
Accrued interest payable	-	5,003	113,600	-	118,603
Due to other governments	-	144,916	123,447	-	268,363
Accrued postclosure costs - current portion	23,000	-	-	-	23,000
Other post employment benefits - current portion	-	-	-	-	-
Bonds and notes payable - current portion	-	137,675	629,102	-	766,777
Total Current Liabilities	<u>105,902</u>	<u>342,058</u>	<u>1,054,947</u>	<u>4,765</u>	<u>1,507,672</u>
Noncurrent Liabilities					
Accrued postclosure costs	345,000	-	-	-	345,000
Other post employment benefits	84,903	126,277	255,357	-	466,537
Bonds and notes payable	-	1,838,237	13,093,415	-	14,931,652
Total Noncurrent Liabilities	<u>429,903</u>	<u>1,964,514</u>	<u>13,348,772</u>	<u>-</u>	<u>15,743,189</u>
Total Liabilities	<u>535,805</u>	<u>2,306,572</u>	<u>14,403,719</u>	<u>4,765</u>	<u>17,250,861</u>
NET POSITION					
Net investment in capital assets	754,665	4,287,885	8,268,132	67,094	13,377,776
Restricted					
Impact fee eligible expenses	-	164,701	837,468	-	1,002,169
Unrestricted	345,055	1,785,141	3,373,629	100,496	5,604,321
Total Net Position	<u>\$ 1,099,720</u>	<u>\$ 6,237,727</u>	<u>\$ 12,479,229</u>	<u>\$ 167,590</u>	<u>\$ 19,984,266</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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds			Non-major Fund	Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
OPERATING REVENUES					
Charges for services	\$ 605,884	\$ 1,320,491	\$ 2,440,751	\$ 180,455	\$ 4,547,581
Rents and other income	11,902	45,901	101,730	2,900	162,433
Total Operating Revenues	<u>617,786</u>	<u>1,366,392</u>	<u>2,542,481</u>	<u>183,355</u>	<u>4,710,014</u>
OPERATING EXPENSES					
Personal services	341,541	513,114	869,746	88,372	1,812,773
Administration expenses	4,788	25,011	24,711	-	54,510
Utilities	14,563	102,337	247,904	53,022	417,826
Contract services	403,788	52,170	137,717	10,458	604,133
Postclosure care costs	(5,677)	-	-	-	(5,677)
Franchise tax	9,394	-	-	-	9,394
Waste generation fee	5,973	-	-	-	5,973
Equipment operation	10,183	15,433	63,107	13,217	101,940
Repairs and maintenance	11,677	40,056	88,475	-	140,208
Materials and supplies	7,283	50,636	76,606	4,918	139,443
Insurance expense	8,417	12,742	32,665	7,588	61,412
Small equipment	575	21,999	7,160	5,554	35,288
Depreciation	72,969	372,148	1,440,612	14,869	1,900,598
Total Operating Expenses	<u>885,474</u>	<u>1,205,646</u>	<u>2,988,703</u>	<u>197,998</u>	<u>5,277,821</u>
Operating Income (Loss)	(267,688)	160,746	(446,222)	(14,643)	(567,807)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	4,817	2,337	265,705	-	272,859
Interest revenue	197	325	584	20	1,126
Interest expense	-	(63,951)	(130,749)	(219)	(194,919)
Total Nonoperating Revenues (Expenses)	<u>5,014</u>	<u>(61,289)</u>	<u>135,540</u>	<u>(199)</u>	<u>79,066</u>
Income (Loss) Before Transfers	(262,674)	99,457	(310,682)	(14,842)	(488,741)
TRANSFERS					
Transfers in	211,780	662,675	1,132,500	77,000	2,083,955
Transfers out	(61,380)	(662,675)	(1,132,500)	(27,000)	(1,883,555)
Total Transfers	<u>150,400</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>200,400</u>
Change in Net Position	(112,274)	99,457	(310,682)	35,158	(288,341)
Total Net Position - July 1, 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>
Total Net Position - June 30, 2013	<u>\$ 1,099,720</u>	<u>\$ 6,237,727</u>	<u>\$ 12,479,229</u>	<u>\$ 167,590</u>	<u>\$ 19,984,266</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, 2013

	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	\$ 618,027	\$ 1,370,015	\$ 2,521,711	\$ 185,392	\$ 4,695,145
Cash paid to employees	(323,691)	(499,865)	(855,357)	(89,770)	(1,768,683)
Cash paid to suppliers	(498,387)	(329,900)	(655,406)	(94,588)	(1,578,281)
Net cash provided (used) by operating activities	<u>(204,051)</u>	<u>540,250</u>	<u>1,010,948</u>	<u>1,034</u>	<u>1,348,181</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due to other governments	2,532	(29,789)	(46,814)	-	(74,071)
Transfers from other funds	150,400	-	-	50,000	200,400
Net cash provided (used) by noncapital financing activities	<u>152,932</u>	<u>(29,789)</u>	<u>(46,814)</u>	<u>50,000</u>	<u>126,329</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Subsidies from government grants	4,817	63,856	286,602	-	355,275
Proceeds from issuance of debt	-	-	514,231	-	514,231
Principal payments - bonds and notes	-	(134,103)	(102,451)	(15,000)	(251,554)
Interest paid	-	(64,307)	(29,624)	(284)	(94,215)
Purchase of capital assets	(37,455)	(25,552)	(340,929)	-	(403,936)
Net cash provided (used) by capital and related financing activities	<u>(32,638)</u>	<u>(160,106)</u>	<u>327,829</u>	<u>(15,284)</u>	<u>119,801</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	197	325	584	20	1,126
Net cash provided (used) by investing activities	<u>197</u>	<u>325</u>	<u>584</u>	<u>20</u>	<u>1,126</u>
Net increase (decrease) in cash and equivalents	(83,560)	350,680	1,292,547	35,770	1,595,437
Cash and equivalents - July 1, 2012	<u>926,154</u>	<u>1,535,167</u>	<u>2,808,996</u>	<u>69,492</u>	<u>5,339,809</u>
Cash and equivalents - June 30, 2013	<u>842,594</u>	<u>1,885,847</u>	<u>4,101,543</u>	<u>105,262</u>	<u>6,935,246</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	(267,688)	160,746	(446,222)	(14,643)	(567,807)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	72,969	372,148	1,440,612	14,869	1,900,598
(Increase) decrease in accounts receivable	241	3,625	(20,768)	2,037	(14,865)
Increase (decrease) in accounts payable	(4,423)	(9,518)	(3,505)	169	(17,277)
Increase (decrease) in accrued expenses	(5,150)	13,249	40,831	(1,398)	47,532
Total adjustments	<u>63,637</u>	<u>379,504</u>	<u>1,457,170</u>	<u>15,677</u>	<u>1,915,988</u>
Net cash provided (used) by operating activities	<u>(\$ 204,051)</u>	<u>\$ 540,250</u>	<u>\$ 1,010,948</u>	<u>\$ 1,034</u>	<u>\$ 1,348,181</u>

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

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 position 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, 2013

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.

Quechee Covered Bridge Fund. The Quechee Covered Bridge was destroyed by Hurricane Irene in August 2011. Over the last years the Town has worked to fund and construct a new covered bridge. The new Quechee Covered bridge was completed during August 2013.

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 Roundabout Fund, the Underpass Fund, the Combined Sewer Overflow (CSO) Project Fund, the DPW Garage Fund, the Maxfield Project Fund, the W. Hartford Library Fund and three new funds; the Wendell A. Barwood Arena Fund, the Patriot's Park Fund, and the Municipal Building Renovation 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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

B. Basis of Presentation (continued)

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

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

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

The Town has no fiduciary fund types.

C. Basis of Accounting

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

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

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 position 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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 position). Fund equity (i.e., net total assets) is segregated into investment in capital assets, net of related debt; restricted net position; and unrestricted net position. 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. New Pronouncement – Deferred Outflows/Inflows of Resources

Effective June 30, 2013, the Town implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. GASB Statement No 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement amends the net asset reporting requirements in Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items which arise under the modified accrual basis of accounting and one type which arises under the accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, “unavailable revenue”, is reported in the statement of net position and governmental funds balance sheet. The statement of net position reports unavailable revenues from one source; prepaid taxes. The governmental funds report unavailable revenues from three sources; unavailable property taxes, unavailable intergovernmental revenues and prepaid taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

G. 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 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 "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds."

The Town is responsible for assessing and collecting its own property taxes, as well as taxes for the State for school purposes. Property taxes are assessed based on property valuations as of April 1 annually. Taxes are collected twice a year in August and February. During the tax year ended June 30, 2013, taxes became due and payable on August 12, 2012, and February 3, 2013. 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, 2013, delinquent taxes receivable were \$290,709, net of a \$62,000 allowance for uncollectible taxes.

The tax rate for 2013 was as follows:

	<u>Homestead</u>	<u>Non-residential</u>
Homestead education tax	\$ 1.3158	\$ -
Non-residential education tax	-	1.4320
Town general fund appropriations	0.7295	0.7295
Town restricted appropriations	0.0106	0.0106
Windsor County tax	0.0030	0.0030
Local agreement tax	<u>0.0017</u>	<u>0.0017</u>
Total	<u>\$ 2.0606</u>	<u>\$ 2.1768</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

G. Assets, Liabilities and Equity(continued)

3. Receivables(continued)

The first installment of property taxes for the budget period from July 1, 2013, to June 30, 2014 is due and payable on August 9, 2013 and February 7, 2014. As of June 30, 2013, the Town had collected \$64,959 of those taxes. This amount is shown as unavailable revenue at June 30, 2013, and will be recorded as revenue in August, 2013.

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.

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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

G. Assets, Liabilities and Equity(continued)

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. Sixteen years remain of the Town's obligation under the statutes. The Town's engineers estimated this liability at \$368,000. This liability has been recorded as an accrued expense as of June 30, 2013. A total of \$496,838 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.

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 position 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 position 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. Fund balances 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. The Town has established a policy to require the Selectboard to approve all fund assignments and document such approvals in the board meeting minutes.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

**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 from 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. The total capital related difference for the year-ended June 30, 2013 of \$2,915,630 can be broken down as follows: Capital outlays for the year were \$5,121,460 and depreciation was \$2,187,245 resulting in capital outlays exceeding depreciation by \$2,934,215. Proceeds from the sale of capital assets were \$9,090 and the loss from sale of capital assets was \$9,496 resulting in proceeds from the sale of capital assets exceeding the loss from sale of capital assets by \$18,586.

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, 2013

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

A. Governmental Funds Balance Sheet and the Statement of Net Position

Detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position 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	\$ 5,923,912	\$ -	\$ -	\$ -	\$ -	\$ 5,923,912
Deposits	-	-	-	-	-	-
Investments	13,479	-	-	-	-	13,479
Receivables						
Taxes receivable	290,709	(62,000)	-	-	-	228,709
Accounts receivable	106,599	-	-	-	-	106,599
Notes receivable	129,013	-	-	-	-	129,013
Due from other governments	1,011,088	-	-	-	-	1,011,088
Due from other funds	1,622,196	-	-	-	(1,622,196)	-
Restricted assets						
Cash and equivalents	391,462	-	-	-	-	391,462
Capital assets	-	-	24,934,884	-	-	24,934,884
Total Assets	9,488,458	(62,000)	24,934,884	-	(1,622,196)	32,739,146
LIABILITIES						
Accounts payable	679,551	-	-	-	-	679,551
Accrued payroll and benefits payable	188,395	-	-	-	-	188,395
Accrued compensated absences payable	-	340,281	-	-	-	340,281
Accrued interest payable	-	5,445	-	-	-	5,445
Due to other funds	1,622,196	-	-	-	(1,622,196)	-
Due to other governments	124,435	-	-	-	-	124,435
Unearned revenue	3,948	-	-	-	-	3,948
Noncurrent liabilities	-	-	-	5,021,307	-	5,021,307
Total Liabilities	2,618,525	345,726	-	5,021,307	(1,622,196)	6,363,362
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues-property taxes	114,315	(114,315)	-	-	-	-
Unavailable revenues-prepaid taxes	64,959	-	-	-	-	64,959
Unavailable revenues-intergovt revenues	726,155	(726,155)	-	-	-	-
Total Deferred Inflows of Resources	905,429	(840,470)	-	-	-	64,959
NET POSITION						
Net investment in capital assets	-	-	24,934,884	(2,708,207)	-	22,226,677
Other	5,964,504	432,744	-	(2,313,100)	-	4,084,148
Total Net Position	\$ 5,964,504	\$ 432,744	\$ 24,934,884	(\$ 5,021,307)	\$ -	\$ 26,310,825

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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	\$ 10,346,491	(\$ 32,544)	\$ -	\$ -	\$ 10,313,947
Tax penalties and interest	229,273				229,273
Permits and licenses	16,112				16,112
Intergovernmental revenues	4,130,379	(173,279)			3,957,100
Charges for current services	1,326,908	1,755			1,328,663
Fines and forfeits	3,623				3,623
Impact fees	15,723				15,723
Interest	12,821				12,821
Other revenues	148,672				148,672
Other sources:					
Proceeds from sale of assets	9,090		(18,586)		(9,496)
Proceeds from issuance of debt	1,135,225	-	-	(1,135,225)	-
Total Revenues	<u>17,374,317</u>	<u>(204,068)</u>	<u>(18,586)</u>	<u>(1,135,225)</u>	<u>16,016,438</u>
EXPENDITURES					
Current					
General government					
Administration	659,739	10,100	18,482		688,321
Elections and vital statistics	190,501	8,261	2,551		201,313
Finance	400,721	(9,458)	-		391,263
Valuation	179,114	12,156	-		191,270
Board and commissions	8,210	-	-		8,210
Public safety					
Police	2,300,382	66,692	118,010		2,485,084
Fire and ambulance	2,569,647	84,972	271,926		2,926,545
Dispatch	611,240	43,906	27,541		682,687
Public works					
Highways	2,079,692	31,262	1,690,709		3,801,663
Public works administration	121,699	5,272	1,010		127,981
Health and social services	252,851	-	4,574		257,425
Recreation and parks					
Recreation administration	181,303	10,639	-		191,942
Recreation programs	297,567	10,418	-		307,985
Parks	531,105	7,834	51,474		590,413
Conservation and development	987,065	24,620	-		1,011,685
Cultural	234,291	-	968		235,259
Capital improvements	5,121,460	-	(5,121,460)		-
Debt service					
Principal	202,066	-	-	(202,066)	-
Interest	62,062	2,347	-	-	64,409
Other uses:					
Transfers to other funds	200,400	-	-	-	200,400
Total Expenditures	<u>17,191,115</u>	<u>309,021</u>	<u>(2,934,215)</u>	<u>(202,066)</u>	<u>14,363,855</u>
Net change for the year	<u>\$ 183,202</u>	<u>(\$ 513,089)</u>	<u>\$ 2,915,629</u>	<u>(\$ 933,159)</u>	<u>\$ 1,652,583</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 position, 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, 2013, expenditures were under budget by \$634,298. 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 \$13,250,620, and the bank balance was \$13,526,776. Of the bank balance, \$269,041, was covered by federal depository insurance. Of the remaining balance, \$12,966,267 was collateralized with securities held by the financial institution's agent in the Town's name, \$291,468 was protected within a bank's Corporate Trust Department segregated from the regular deposit and lending activities of the bank, 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, 2013, consisted of 364.688 shares of Fidelity's Puritan Fund and 66.094 shares of Fidelity's Value Fund, which together had a cost basis of \$10,074 and a fair value of \$13,479. Unrealized gains and losses, which are included in revenue, resulted in an increase in value of \$1,921 for the year ended June 30, 2013.

C. Accounts receivable

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

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS(continued)

C. Accounts receivable(continued)

	Governmental Activities	Business- Type Activities	Total
Ambulance accounts receivable (net of allowance of (\$709,842))	\$ 46,084	\$ -	\$ 46,084
Miscellaneous receivables (net of allowance of \$0 [general] and \$0 [enterprise])	18,448	18,594	37,042
Impact fees receivable	38,226	24,773	62,999
Accrued interest receivable	317	-	317
Account receivable - other	3,524	-	3,524
User charges receivable (net of allowance of (\$29,500))			
-Billed	-	397,533	397,533
-Unbilled	-	363,057	363,057
	<u>\$ 106,599</u>	<u>\$ 803,957</u>	<u>\$ 910,556</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 six loans, two were in arrears at June 30, 2013	\$ 129,013
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	769,013
Allowance for doubtful loan balances	<u>(640,000)</u>
Net Notes Receivable	<u>\$ 129,013</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS(continued)

E. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 778,976	\$ 104,900	\$ -	\$ 883,876
Construction in progress	1,579,440	1,074,103	(221,870)	2,431,673
Total capital assets not being depreciated	<u>2,358,416</u>	<u>1,179,003</u>	<u>(221,870)</u>	<u>3,315,549</u>
Capital assets, being depreciated:				
Land improvements	809,697	15,450	-	825,147
Buildings and building improvements	4,990,962	21,077	(45,773)	4,966,266
Vehicles and equipment	6,841,467	501,868	(166,250)	7,177,085
Roads, bridges and sidewalks	26,398,513	3,625,930	-	30,024,443
Total capital assets being depreciated	<u>39,040,639</u>	<u>4,164,325</u>	<u>(212,023)</u>	<u>42,992,941</u>
Total Governmental Capital Assets	<u>41,399,055</u>	<u>5,343,328</u>	<u>(433,893)</u>	<u>46,308,490</u>
Less accumulated depreciation for:				
Land improvements	207,274	27,054	-	234,328
Buildings and building improvements	2,622,049	146,044	(30,290)	2,737,803
Vehicles and equipment	3,906,476	601,490	(163,147)	4,344,819
Roads, bridges and sidewalks	12,643,999	1,412,657	-	14,056,656
Total capital assets, accumulated depreciation	<u>19,379,798</u>	<u>2,187,245</u>	<u>(193,437)</u>	<u>21,373,606</u>
Total Governmental Capital Assets, Net	<u>22,019,257</u>	<u>3,156,083</u>	<u>(240,456)</u>	<u>24,934,884</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Land	414,158	-	-	414,158
Construction in progress	4,000	82,636	-	86,636
Total capital assets not being depreciated	<u>418,158</u>	<u>82,636</u>	<u>-</u>	<u>500,794</u>
Capital assets, being depreciated:				
Land improvements	142,184	14,967	-	157,151
Buildings and building improvements	28,791,058	57,772	-	28,848,830
Vehicles and equipment	1,068,124	119,385	(11,361)	1,176,148
Distribution and collection systems	23,115,211	128,904	-	23,244,115
Total capital assets being depreciated	<u>53,116,577</u>	<u>321,028</u>	<u>(11,361)</u>	<u>53,426,244</u>
Total Business-Type Capital Assets	<u>53,534,735</u>	<u>403,664</u>	<u>(11,361)</u>	<u>53,927,038</u>
Less accumulated depreciation for:				
Land improvements	48,962	7,163	-	56,125
Buildings and building improvements	10,888,530	1,149,761	-	12,038,291
Vehicles and equipment	831,299	58,942	(11,361)	878,880
Distribution and collection systems	10,889,955	684,456	-	11,574,411
Total capital assets, accumulated depreciation	<u>22,658,746</u>	<u>1,900,322</u>	<u>(11,361)</u>	<u>24,547,707</u>
Total Business-Type Capital Assets, Net	<u>\$ 30,875,989</u>	<u>(\$ 1,496,658)</u>	<u>\$ -</u>	<u>\$ 29,379,331</u>

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

IV. DETAILED NOTES ON ALL FUNDS(continued)

E. Capital Assets (continued)

Depreciation was charged to programs as follows:

GOVERNMENTAL ACTIVITIES		
General government		
Administration	\$	18,482
Election and vital statistics		2,551
Public safety		
Police		118,010
Fire and ambulance		271,926
Dispatch		27,541
Public works		
Highways		1,690,709
Public works administration		1,010
Health and social services		4,574
Recreation and parks		
Parks		51,474
Cultural		968
		<u>968</u>
Total depreciation expense	\$	<u>2,187,245</u>

F. Accrued Compensated Absences

Changes in accrued compensated absences during the year were as follows

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 324,589	\$ 89,465	\$ 414,054
Additions	324,755	89,575	414,330
Reductions	(309,063)	(88,814)	(397,877)
Ending Balance	<u>340,281</u>	<u>90,226</u>	<u>430,507</u>
Due Within One Year	<u>\$ 340,281</u>	<u>\$ 90,226</u>	<u>\$ 430,507</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, were as follows:

<u>Receivable Activity</u>	<u>Payable Activity</u>	<u>Purpose</u>	<u>Amount</u>
General Fund - Unassigned	Hurricane Irene Fund	Short-term loan to cover period before grant reimbursement	\$ 322,819
	Quechee Covered Bridge Fund	Short-term loan to cover period before grant reimbursement	\$ 454,157
	Non-Major Governmental Funds	Short-term loan to cover period before grant reimbursement.	350,403
	Non-Major Governmental Funds	Expense reimbursements due from Non-Major Governmental Funds	6,114
	General Fund - Assigned	Expense reimbursements due from Reserve Accounts	100,487
General Fund - Assigned	General Fund - Unassigned	Reserve Account contributions for FY12-13	388,216
TOTAL GOVERNMENTAL FUNDS DUE TO & DUE FROM			\$ 1,622,196

Interfund transfers for the year ended June 30, 2013, 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	\$ 1,100,914
	General Fund - Assigned	Assignment to 13-14 budget	275,000
	General Fund - Assigned	New encumbrances	80,170
	Outdoor Facilities Fund - Undesignated	Annual operating transfer	50,000
	Solid Waste Fund - Undesignated	Fund curbside recycling program	150,400
	W. Hartford Library Capital Project Fund	Fund construction of new library	150,000
	Children's Pool/Pump House CPF	Fund construction of children's pool/pump house	80,000
	Non-Major Governmental Funds	Small transfers to close out non-major funds	60
	Debt Service Fund	Bond payments and bond reserve fund	285,456
	General Fund - Assigned	General Fund - Unassigned	Reimbursement from capital reserves
General Fund - Unassigned		Release of unused encumbrances/assignments	79,309
General Fund - Unassigned		Release of assignment to fund 12-13 budget	250,000
Total General Fund			\$ 2,602,297
Nonmajor Governmental Funds	General Fund - Unassigned	Reimbursement from fire/ems impact fee fund	\$ 39,269
	General Fund - Unassigned	W. Hartford Library CPF funding reversal	441,000
	General Fund - Unassigned	Close out of special revenue funds	2,518
	General Fund - Unassigned	Permanent fund earnings transfer	62
Total Non-Major Governmental Funds			\$ 482,849
Outdoor Facilities Fund - Undesignated	Outdoor Facilities Fund - Invest. in Capital Assets	Bond principal payment	\$ 15,000
	Outdoor Facilities Fund - Designated	Addition to capital reserve	12,000
Total Outdoor Facilities Fund			\$ 27,000
Solid Waste Fund - Undesignated	Solid Waste Fund - Designated	Addition to capital reserve	\$ 6,602
Solid Waste Fund - Designated	Solid Waste Fund - Invest. in Capital Assets	Asset additions	37,455
	Solid Waste Fund - Undesignated	Reimbursement from closure reserve	17,323
Total Solid Waste Fund			\$ 61,380
Central Water Fund - Undesignated	Central Water Fund - Designated	Addition to capital reserve	\$ 175,000
	Central Water Fund - Invest. in Capital Assets	Changes in invested in capital assets	156,878
Central Water Fund -Designated	Central Water Fund - Undesignated	Reimbursement from impact fee fund	144,916
	Central Water Fund - Undesignated	Reimbursement from capital reserve	6,328
Total Central Water Fund			\$ 483,122

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS(continued)

G. Interfund Balances and Activity (continued)

<i>CONTINUED...</i>			
Quechee Water Fund - Undesignated	Quechee Water Fund - Designated	Addition to capital reserve	\$ 150,000
	Quechee Water Fund - Designated	Correction to impact fee fund	61
	Quechee Water Fund - Invest. in Capital Assets	Changes in invested in capital assets	27,776
Quechee Water Fund -Designated	Quechee Water Fund - Undesignated	Reimbursement from capital reserve	<u>1,716</u>
Total Quechee Water Fund			<u>\$ 179,553</u>
Central Wastewater Fund - Undesignated	Central Wastewater Fund - Designated	Addition to capital reserve	\$ 400,000
	Central Wastewater Fund - Designated	Correction to impact fee fund	40,767
Central Wastewater Fund - Invest. in Capital Assets	Central Wastewater Fund - Undesignated	Changes in invested in capital assets	<u>219,009</u>
Total Central Wastewater Fund			<u>\$ 659,776</u>
Quechee Wastewater Fund - Undesignated	Quechee Wastewater Fund - Designated	Addition to capital reserve	\$ 320,000
Quechee Wastewater Fund - Invest. in Capital Assets	Quechee Wastewater Fund - Undesignated	Changes in invested in capital assets	<u>152,724</u>
Total Quechee Wastewater Fund			<u>\$ 472,724</u>

H. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$114,315 of delinquent property taxes, penalties and interest on those taxes and \$39,610 of intergovernmental revenues that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. This also includes \$64,959 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$218,884.

I. 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, 2013

IV. DETAILED NOTES ON ALL FUNDS(continued)

I. Long-term Liabilities (continued)

General obligation bonds and revolving loans outstanding at June 30, 2013, are as follows:

BONDS AND NOTES PAYABLE		
Purpose	Interest/Admin Rates	Amount
<u>Governmental Activities - Bonds</u>		
DPW Building	1.87% - 4.73%	\$ 735,000
Quechee Covered Bridge Bond	1.10% - 3.91%	1,135,225
<u>Governmental Activities - Revolving Loans</u>		
Combined Sewer Overflow - #1	0.00%	115,261
Combined Sewer Overflow - #2	0.00%	<u>711,487</u>
Total General Long-term Debt		<u>2,696,973</u>
<u>Business-type Activities - Bonds</u>		
2001 Quechee Water Bond	2.8% - 4.98%	60,000
2001 Quechee Wastewater Bond	2.8% - 4.98%	300,000
<u>Business-type Activities - Revolving Loans</u>		
2004 Wilder Well Loan	1.00%	1,915,913
2012 AR1-006 Clean Water Loan(Fund 60 Portion)	2.00%	262,386
2012 AR1-006 Clean Water Loan(Fund 65 Portion)	2.00%	377,250
2013 Hartford W/W Treatment Facility Loan	2.00%	7,429,490
2013 Quechee W/W Treatment Facility Loan	2.00%	<u>5,353,390</u>
Total Enterprise Funds		<u>15,698,429</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	\$ 840,000	\$ 1,135,225	\$ 105,000	\$ 1,870,225	\$ 161,761
Revolving loans payable	923,814	-	97,066	826,748	190,196
Other postemployment benefits	<u>2,033,347</u>	<u>442,727</u>	<u>151,741</u>	<u>2,324,333</u>	-
Total Governmental Activities Long-term Liabilities	<u>\$ 3,797,161</u>	<u>\$ 1,577,952</u>	<u>\$ 353,807</u>	<u>\$ 5,021,306</u>	<u>\$ 351,957</u>
Business-type Activities					
Bonds payable	\$ 465,000	\$ -	\$ 105,000	\$ 360,000	\$ 90,000
Revolving loans payable	14,970,752	514,231	146,554	15,338,429	676,777
Other postemployment benefits	396,863	101,378	31,702	466,539	-
Postclosure care costs	<u>391,000</u>	-	<u>23,000</u>	<u>368,000</u>	<u>23,000</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 16,223,615</u>	<u>\$ 615,609</u>	<u>\$ 306,256</u>	<u>\$ 16,532,968</u>	<u>\$ 789,777</u>

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

IV. DETAILED NOTES ON ALL FUNDS(continued)

I. Long-term Liabilities (continued)

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2013, 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>
2014	\$ 351,957	\$ 62,364	\$ 766,777	\$ 341,277
2015	236,697	55,284	781,548	322,230
2016	236,696	48,326	796,638	302,763
2017	236,696	42,657	812,071	282,878
2018	573,509	39,911	737,854	264,854
2019-2023	493,806	112,342	3,938,748	1,074,795
2024-2028	283,806	56,137	4,024,660	628,578
2029-2033	283,806	27,174	3,840,133	231,849
Total	<u>\$ 2,696,973</u>	<u>\$ 444,195</u>	<u>\$ 15,698,429</u>	<u>\$ 3,449,224</u>

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, 2013
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IV. DETAILED NOTES ON ALL FUNDS(continued)

J. Restricted, Assigned and Designated Fund Balances/Net Position

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

GOVERNMENTAL ACTIVITIES

RESTRICTED

Special Revenue Funds	
Police Drug Forfeiture Fund - restricted by statute	\$ 21,134
Engine 494 Fund - restricted by donor agreement	6,497
Trees Matter Fund - restricted by donor agreement	2,724
Dog Park Fund - restricted by donor agreement	9,569
Glory Days Fund - restricted by donor agreement	4,625
Watershed Grant Fund - restricted by grant agreement	1,853
Quechee Gorge Visitor Center - restricted by grant agreement	43,428
Rehabilitation Loan Funds - restricted by grant agreement	107,833
Revolving Loan Fund - restricted by grant agreement	375,278
Police Youth Safety Fair - restricted by donor agreement	2,874
Fire/EMS Impact Fee Fund - restricted by statute	54,081
Recreation Impact Fee Fund - restricted by statute	66,331
Library Impact Fee Fund - restricted by statute	<u>2,988</u>
Total Special Revenue Funds	<u>699,215</u>
Capital Projects Fund	
CSO Fund - restricted by bond agreement	82,965
Maxfield Project Fund - restricted by donor agreement	<u>831,030</u>
Total Capital Projects Fund	<u>913,995</u>
Debt Service Fund	
CSO Bond Reserve Fund - restricted by bond agreement	<u>391,462</u>
Total Debt Service Fund	<u>391,462</u>
Permanent Fund	
Town Trust Funds - restricted by Trust agreement	<u>32,519</u>
Total Permanent Fund	<u>32,519</u>
TOTAL GOVERNMENTAL RESTRICTED	<u>2,037,191</u>
NET POSITION	<u>2,037,191</u>

GOVERNMENTAL FUNDS

NON-SPENDABLE

Special Revenue Funds	
Town Trust Funds - restricted by Trust agreement(Non-Expendable)	<u>27,168</u>
TOTAL GOVERNMENTAL NON-SPENDABLE	<u>27,168</u>
FUND BALANCE	<u>\$ 27,168</u>

BUSINESS-TYPE ACTIVITIES

Central Water Impact Fee Fund - restricted by statute	\$ 108,983
Quechee Water Impact Fee Fund - restricted by statute	55,718
Central Wastewater Impact Fee Fund - restricted by statute	627,048
Quechee Wastewater Impact Fee Fund - restricted by statute	<u>210,420</u>
TOTAL BUSINESS-TYPE RESTRICTED NET POSITION	<u>\$ 1,002,169</u>

TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013
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IV. DETAILED NOTES ON ALL FUNDS(continued)
J. Restricted, Assigned and Designated Fund Balances/Net Position(continued)

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

GOVERNMENTAL ACTIVITIES

General Fund	
Assigned to Town Clerk digital imaging/record restoration	\$ 255,356
Assigned to Town office renovation	61,717
Assigned Building Energy Improvements	5,000
Assigned to accounting software	6,124
Assigned to Revaluation	272,231
Assigned to Fire/EMS capital purchases	237,322
Assigned to communications center upgrade	39,286
Assigned to Highway equipment expenditures	229,909
Assigned to Highway bridges and culverts	335,537
Assigned to Highway capital expenditures	375,000
Assigned to street light maintenance reserve	8,552
Assigned to street light replacement reserve	14,953
Assigned to Senior Center renovations	12,512
Assigned to Recreation expenses	51,417
Assigned to Skatepark expenses	7,879
Assigned to Conservation and Development expenditures	90,619
Assigned to police body cameras	5,846
Assigned to street globes & lights	7,000
Assigned to sidewalks	70,115
Assigned Fairview Terrace Wall Engineering	4,550
Assigned to paving	15,000
Assigned to conversion of subdivision regulation	2,000
Assigned to W. Hartford Library & Community Center	39,530
Assigned to increased Windsor County Tax	34,794
Assigned to municipal building improvements	98,153
Assigned to WRJ revitalization	78,231
Assigned to dam construction	15,642
Assigned to Hurricane irene town share	310,000
Assigned Solid Waste Recycling Program	75,000
Assigned to subsequent year expenditures	<u>275,000</u>
Total General Fund	<u>3,034,275</u>
Capital Projects Funds	
DPW Garage Fund - assigned to capital expenditures	51,996
W. Hartford Library Fund - assigned to new library construction	323,859
Patriot's Park Fund - assigned to land conversion	<u>80,000</u>
Total Capital Projects Funds	<u>455,855</u>
TOTAL GOVERNMENTAL FUNDS	
ASSIGNED FUND BALANCES	<u>\$ 3,490,130</u>

BUSINESS-TYPE ACTIVITIES

Outdoor Facilities Capital Reserve Fund - designated for capital expenditures	74,399
Solid Waste Capital Reserve Fund - designated for capital expenditures	29,955
Solid Waste Closure Reserve Fund - designated for postclosure expenditures	105,901
Solid Waste Equipment Reserve Fund - designated for equipment purchases	51,800
Central Water Capital Reserve Fund - designated for capital expenditures	659,239
Quechee Water Capital Reserve Fund - designated for capital expenditures	356,548
Central Wastewater Capital Reserve Fund - designated for capital expenditures	862,954
Quechee Wastewater Capital Reserve Fund - designated for capital expenditures	<u>750,245</u>
TOTAL BUSINESS-TYPE	
DESIGNATED NET POSITION	<u>\$ 2,891,041</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS(continued)

J. Restricted, Assigned and Designated Fund Balances/Net Position(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, 2013. These fund balances are negative partially because expenditures have gone out but the grant reimbursement revenue was not received soon enough after June 30, 2013 to be recognized within the year. When the grant revenues are recognized some of the negative fund balances will be restored. Any negative fund balance remaining after all grant revenues have been received is the Town's share of the expense. For the Hurricane Irene Fund, the Town has assigned \$310,000 to cover the Town's share of repair expenses.

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 \$-0- in unemployment claims during the fiscal year ended June 30, 2013.

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, 2013

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 Benefit & Contribution Pension Plans

Highway department, solid waste department, and water department employees who are members of the Hartford Department of Public Works Chapter of the AFSCME can elect to be covered by the State of Vermont Municipal Employees Retirement System (VMERS) Group B Plan, a defined benefit plan, or the VMERS Group DC Plan, a defined contribution plan. Under the VMERS Group B Plan, employees are required to contribute 4.5% of their gross salary and the Town contributes 5%; however, under the agreement between the Town and the Public Works Chapter, the Town actually contributes 7% and the employees contribute 2.5%.

Wastewater department employees who are members of the Hartford Department of Public Works Chapter of the AFSCME, employees who are members of the Hartford Police Chapter of AFSCME, employees who are members of the Hartford Career Firefighters' Association, 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. Under the VMERS Group C Plan, employees are required to contribute 9.25% of their gross salary and the Town contributes 6.5%; 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 8.75%, and also for non-union employees, the Town actually contributes 8% and the employees contribute 7.75%.

Three employees, all non-union, have elected coverage under the VMERS Group DC Plan. Under the VMERS Group DC Plan, employees are required to contribute 5% of their gross salary and the Town contributes 5.125%; however, for non-union employees the Town actually contributes 8% and the employees contribute 2.125% and for union employees the Town actually contributes 7% and the employees contribute 3.125%.

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 these plans is done in the aggregate, not by municipality. The net position available for benefits as well as present value of vested and nonvested plan benefits by municipality are not available. Covered payroll for these plans was \$3,860,787 and Town contributions for the year ended June 30, 2013 were \$279,874. Contributions for the years ended June 30, 2012 and June 30, 2011 were \$240,767 and \$260,541, respectively.

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 \$2,129,091. Town contributions for the year ended June 30, 2013 were \$172,327. Contributions for the years ended June 30, 2012 and June 30, 2011 were \$170,906 and \$172,202, respectively.

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.

TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013
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V. OTHER INFORMATION(continued)

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.

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 Town's annual OPEB cost is made up of an Annual Required Contribution(ARC) of \$586,529, interest on the net OPEB obligation of \$60,549, and an adjustment to ARC of (\$102,973). The following table shows a breakdown of the Town's annual OPEB cost for the year.

	Governmental Activities	Business-type Activities	Total
Annual OPEB Cost	\$ 442,727	\$ 101,378	\$ 544,105
Contributions Made	151,741	31,702	183,443
Increase in Net OPEB Obligation	290,986	69,676	360,662
Net OPEB Obligation, Beginning of Year	2,033,349	396,861	2,430,210
Net OPEB Obligation, End of Year	\$ 2,324,335	\$ 466,537	\$ 2,790,872
Percentage of Annual OPEB Cost Contributed			33.71%

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.

TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013
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V. OTHER INFORMATION(continued)

G. Other Postemployment Benefits(continued)

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. The Level-Dollar Amortization Method and a thirty year amortization period were used.

The following table shows the components of the Town's annual OPEB cost for the previous two fiscal years.

	Government-wide Total FYE 6/30/11	Government-wide Total FYE 6/30/12
Annual OPEB Cost	\$ 795,000	\$ 544,105
Contributions Made	99,972	132,211
Increase in Net OPEB Obligation	695,028	411,894
Net OPEB Obligation, Beginning of Year	1,323,288	2,018,316
Net OPEB Obligation, End of Year	\$ 2,018,316	\$ 2,430,210
Percentage of Annual OPEB Cost Contributed	12.58%	24.30%

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. During the fiscal year ended June 30, 2013 Town of Hartford employees continued work to repair the damage leftover from the Hurricane. Most repair projects including the Quechee Covered Bridge were completed by the end of June 2013. Four projects were not completed until after June 2013 and they all involve hazard mitigation to reduce the risk of damage from a future storm. Those four projects include; hazard mitigation at the W. Hartford Library, mitigation at the Maple St Pump Station, mitigation at the Bridge St Pump Station, and mitigation at the Ferry Boat Rd Pump Station.

Larger sized projects funded by the Federal Management Agency Public Assistance Program(FEMA) require documentation be submitted in order to close out each project. As of June 30, 2013, there were seven projects for which the closeout process had not yet been finalized. Included in those seven projects are the four projects listed above.

Recovery from Tropical Storm Irene has taken a great deal of effort from many employees at the Town of Hartford. Town employees and town residents are excited to be winding down on most recovery efforts. The Town Selectboard and officers are aware that a similar disaster could happen before long and we want to be as prepared as possible for any such future event.

I. Subsequent Events

On March 6, 2012, voters authorized the issuance of general obligation bonds in the amounts of \$500,000 minus any federal or state grant funding for the construction of a new West Hartford Library and Community Center. On March 5, 2013, voters authorized the issuance of general obligation bonds in the amounts of \$5,740,000 for various projects.

Bonds were approved by the Vermont Municipal Bond Bank in the amount of \$6,155,000. Bonds proceeds were broken down as follows; \$3,100,000 for Maxfield property recreational facility renovations, \$2,500,000 for Wendell A. Barwood Arena renovations, \$140,000 for building a pump house and children's pool at the Hartford High School, and \$415,000 for construction of the new West Hartford Library & Community Center. The bond requires annual debt service between \$514 K and 322 K for twenty years starting in November 2013.

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, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	\$ 10,319,714	\$ 10,346,491	\$ 26,777
Tax penalties and interest	239,500	229,273	(10,227)
Permits and licenses	16,345	16,112	(233)
Intergovernmental revenues	624,208	835,489	211,281
Charges for services	1,132,905	1,326,908	194,003
Fines and forfeits	12,400	3,623	(8,777)
Interest	9,000	4,631	(4,369)
Other revenues	102,160	115,075	12,915
Total Revenues	12,456,232	12,877,602	421,370
EXPENDITURES			
Current expenditures			
General government			
Administration	605,644	620,009	(14,365)
Elections and vital statistics	173,499	190,501	(17,002)
Finance	362,117	400,721	(38,604)
Valuation	187,039	179,114	7,925
Boards and commissions	10,246	8,210	2,036
Public safety			
Police	2,365,289	2,292,592	72,697
Fire and ambulance	2,437,995	2,557,654	(119,659)
Dispatch	591,869	611,240	(19,371)
Public works			
Highways	1,710,885	1,525,824	185,061
Public works administration	127,584	120,185	7,399
Health and social services	261,412	252,851	8,561
Recreation and parks			
Recreation administration	170,703	181,303	(10,600)
Recreation programs	282,779	297,567	(14,788)
Parks	265,837	223,336	42,501
Conservation and development			
Cultural	280,642	234,291	46,351
Capital expenditures			
Public safety			
Police	108,220	111,738	(3,518)
Fire and ambulance	82,400	87,405	(5,005)
Dispatch	-	7,500	(7,500)
Public works			
Highways	1,516,000	1,370,013	145,987
Recreation and parks			
Recreation administration	6,000	-	6,000
Recreation programs	10,000	8,400	1,600
Parks	74,963	24,730	50,233
Conservation and development	300,000	-	300,000
Total Expenditures	12,360,769	11,726,471	634,298
OTHER FINANCING SOURCES (USES)			
Transfers in	985,000	913,146	(71,854)
Transfers out	(1,085,463)	(2,172,000)	(1,086,537)
Proceeds from sale of capital assets	5,000	9,090	4,090
Total Other Financing Sources (Uses)	(95,463)	(1,249,764)	(1,154,301)
Net change in fund balance	\$ -	(\$ 98,633)	(\$ 98,633)
RECONCILIATION OF CHANGE IN FUND BALANCES - BUDGETARY BASIS TO CHANGE IN FUND BALANCES - GAAP BASIS			
Change in Fund Balances - Budgetary Basis		(\$ 98,633)	
Transfer to Assigned Fund Balance		1,456,084	
Transfer from Assigned Fund Balance		(430,297)	
Expenditures from Assigned Fund Balance		(212,449)	
Assigned Fund Balance Interest Income		730	
Change in Fund Balances - GAAP Basis		\$ 715,435	

See Disclaimer in Accompanying Independent Auditors' Report

TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unassigned</u>	<u>Assigned</u>	<u>Total</u>
REVENUES			
Taxes	\$ 10,346,491	\$ -	\$ 10,346,491
Tax penalties and interest	229,273	-	229,273
Permits and licenses	16,112	-	16,112
Intergovernmental revenues	835,489	-	835,489
Charges for current services	1,326,908	-	1,326,908
Fines and forfeits	3,623	-	3,623
Interest	4,631	362	4,993
Other revenues	115,075	368	115,443
	<u>12,877,602</u>	<u>730</u>	<u>12,878,332</u>
Total Revenues			
EXPENDITURES			
Current expenditures			
General government			
Administration	620,009	-	620,009
Elections and vital statistics	190,501	-	190,501
Finance	400,721	-	400,721
Valuation	179,114	-	179,114
Boards and commissions	8,210	-	8,210
Public safety			
Police	2,292,592	3,605	2,296,197
Fire and ambulance	2,557,654	-	2,557,654
Dispatch	611,240	-	611,240
Public works			
Highways	1,525,824	7,559	1,533,383
Public works administration	120,185	1,514	121,699
Health and social services	252,851	-	252,851
Recreation and parks			
Recreation administration	181,303	-	181,303
Recreation programs	297,567	-	297,567
Parks	223,336	-	223,336
Conservation and development	421,287	3,927	425,214
Cultural	234,291	-	234,291
Capital expenditures			
Public safety			
Police	111,738	-	111,738
Fire	87,405	-	87,405
Dispatch	7,500	-	7,500
Public works			
Highways	1,370,013	68,775	1,438,788
Recreation and parks			
Recreation programs	8,400	-	8,400
Parks	24,730	64,358	89,088
Conservation and development	-	62,711	62,711
	<u>11,726,471</u>	<u>212,449</u>	<u>11,938,920</u>
Total Expenditures			
Excess (deficiency) of Revenues Over (Under)			
Expenditures	1,151,131	(211,719)	939,412
	<u>1,151,131</u>	<u>(211,719)</u>	<u>939,412</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	913,146	1,456,084	2,369,230
Transfers out	(2,172,000)	(430,297)	(2,602,297)
Proceeds from sale of capital assets	9,090	-	9,090
	<u>913,146</u>	<u>1,456,084</u>	<u>2,369,230</u>
	<u>(2,172,000)</u>	<u>(430,297)</u>	<u>(2,602,297)</u>
	<u>9,090</u>	<u>-</u>	<u>9,090</u>
Total Other Financing Sources (Uses)	<u>(1,249,764)</u>	<u>1,025,787</u>	<u>(223,977)</u>
Net Change in Fund Balances	(98,633)	814,068	715,435
Fund Balances - July 1, 2012	1,350,011	2,220,207	3,570,218
	<u>1,350,011</u>	<u>2,220,207</u>	<u>3,570,218</u>
Fund Balances - June 30, 2013	\$ 1,251,378	\$ 3,034,275	\$ 4,285,653
	<u>\$ 1,251,378</u>	<u>\$ 3,034,275</u>	<u>\$ 4,285,653</u>

See Disclaimer in Accompanying Independent Auditors' Report

TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and equivalents	\$ 761,937	\$ 1,485,908	\$ -	\$ 19,040	\$ 2,266,885
Investments	-	-	-	13,479	13,479
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	38,543	-	-	-	38,543
Notes receivable	129,013	-	-	-	129,013
Due from other governments	180,477	323,947	-	-	504,424
Restricted assets:					
Cash and equivalents	-	-	391,462	-	391,462
Total Assets	<u>1,109,970</u>	<u>1,809,855</u>	<u>391,462</u>	<u>32,519</u>	<u>3,343,806</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	60,522	249,491	-	-	310,013
Due to other governments	124,435	-	-	-	124,435
Due to other funds	225,798	130,719	-	-	356,518
Unearned revenue	-	2,248	-	-	2,248
Total Liabilities	<u>410,755</u>	<u>382,458</u>	<u>-</u>	<u>-</u>	<u>793,214</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues-intergovernmental revenues	165,797	125,109	-	-	290,906
Total deferred inflows of resources	<u>165,797</u>	<u>125,109</u>	<u>-</u>	<u>-</u>	<u>290,906</u>
FUND BALANCES					
Non-spendable					
Permanent fund principal	-	-	-	27,168	27,168
Restricted for					
Public safety	24,009	-	-	-	24,009
Impact fees	123,401	-	-	-	123,401
Recreation and parks	-	831,030	-	-	831,030
Community development	528,391	-	-	-	528,391
Debt service	-	-	391,462	-	391,462
Endowments - Expendable	-	-	-	5,351	5,351
Other	23,414	82,965	-	-	106,379
Assigned to					
Recreation and parks	-	80,000	-	-	80,000
Public works	-	51,996	-	-	51,996
Cultural	-	323,859	-	-	323,859
Unassigned	(165,797)	(67,562)	-	-	(233,359)
Total Fund Balances	<u>533,418</u>	<u>1,302,288</u>	<u>391,462</u>	<u>32,519</u>	<u>2,259,687</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,109,970</u>	<u>\$ 1,809,855</u>	<u>\$ 391,462</u>	<u>\$ 32,519</u>	<u>\$ 3,343,806</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-major Governmental Funds
REVENUES					
Intergovernmental revenues	\$ 305,960	\$ 786,819	\$ -	\$ -	\$ 1,092,779
Impact fees	15,723	-	-	-	15,723
Interest	7,613	38	121	56	7,828
Other revenues	<u>20,964</u>	<u>-</u>	<u>-</u>	<u>2,245</u>	<u>23,209</u>
Total Revenues	<u>350,260</u>	<u>786,857</u>	<u>121</u>	<u>2,301</u>	<u>1,139,539</u>
EXPENDITURES					
Current expenditures					
Public safety					
Police	4,185	-	-	-	4,185
Fire and ambulance	7,919	-	-	-	7,919
Recreation and parks					
Parks	34,619	-	-	-	34,619
Conservation and development					
	102,950	-	-	-	102,950
Debt service expenditures					
Principal	-	-	202,066	-	202,066
Interest	-	-	62,062	-	62,062
Capital expenditures					
General government					
Administration	-	87	-	-	87
Public safety					
Fire and ambulance	111,846	-	-	-	111,846
Public works					
Highways	-	761,892	-	-	761,892
Recreation and parks	-	174,830	-	-	174,830
Conservation and development	97,242	-	-	-	97,242
Cultural	<u>-</u>	<u>72,935</u>	<u>-</u>	<u>-</u>	<u>72,935</u>
Total Expenditures	<u>358,761</u>	<u>1,009,744</u>	<u>264,128</u>	<u>-</u>	<u>1,632,633</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>(8,501)</u>	<u>(222,887)</u>	<u>(264,007)</u>	<u>2,301</u>	<u>(493,094)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	60	230,000	285,456	-	515,516
Transfers out	<u>(41,787)</u>	<u>(441,000)</u>	<u>-</u>	<u>(62)</u>	<u>(482,849)</u>
Total Other Financing Sources (Uses)	<u>(41,727)</u>	<u>(211,000)</u>	<u>285,456</u>	<u>(62)</u>	<u>32,667</u>
Net Change in Fund Balances	<u>(50,228)</u>	<u>(433,887)</u>	<u>21,449</u>	<u>2,239</u>	<u>(460,427)</u>
Fund Balances - July 1, 2012	<u>583,646</u>	<u>1,736,175</u>	<u>370,013</u>	<u>30,280</u>	<u>2,720,114</u>
Fund Balances - June 30, 2013	<u>\$ 533,418</u>	<u>\$ 1,302,288</u>	<u>\$ 391,462</u>	<u>\$ 32,519</u>	<u>\$ 2,259,687</u>

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TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Community Development Funds	Recreation Funds	Public Safety Funds	Impact Fee Funds	Totals
ASSETS					
Cash and equivalents	\$ 502,265	\$ 23,632	\$ 24,009	\$ 212,031	\$ 761,937
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	317	-	-	38,226	38,543
Notes receivable	129,013	-	-	-	129,013
Due from other governments	118,766	-	61,711	-	180,477
Total Assets	<u>750,361</u>	<u>23,632</u>	<u>85,720</u>	<u>250,257</u>	<u>1,109,970</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	3,776	-	56,746	-	60,522
Due to other governments	-	-	-	124,435	124,435
Due to other funds	218,194	218	4,965	2,421	225,798
Total Liabilities	<u>221,970</u>	<u>218</u>	<u>61,711</u>	<u>126,856</u>	<u>410,755</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues-intergovernmental revenues	104,086	-	61,711	-	165,797
Total deferred inflows of resources	<u>104,086</u>	<u>-</u>	<u>61,711</u>	<u>-</u>	<u>165,797</u>
FUND BALANCES					
Restricted for					
Public safety	-	-	24,009	-	24,009
Impact fees	-	-	-	123,401	123,401
Community development	528,391	-	-	-	528,391
Other	-	23,414	-	-	23,414
Unassigned	(104,086)	-	(61,711)	-	(165,797)
Total Fund Balances	<u>424,305</u>	<u>23,414</u>	<u>(37,702)</u>	<u>123,401</u>	<u>533,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 750,361</u>	<u>\$ 23,632</u>	<u>\$ 85,720</u>	<u>\$ 250,257</u>	<u>\$ 1,109,970</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Community Development Funds	Recreation Funds	Public Safety Funds	Impact Fee Funds	Total
REVENUES					
Intergovernmental revenues	\$ 181,899	\$ 10,253	\$ 113,808	\$ -	\$ 305,960
Impact fees	-	-	-	15,723	15,723
Interest income	7,552	9	9	43	7,613
Other revenues	<u>1,090</u>	<u>18,724</u>	<u>1,150</u>	<u>-</u>	<u>20,964</u>
Total Revenues	<u>190,541</u>	<u>28,986</u>	<u>114,967</u>	<u>15,766</u>	<u>350,260</u>
EXPENDITURES					
Current expenditures					
Public safety - police	-	-	4,185	-	4,185
Public safety - fire & ambulance	-	-	7,919	-	7,919
R & P - Parks	-	34,619	-	-	34,619
Conservation and development	102,950	-	-	-	102,950
Capital expenditures					
Public safety - fire & ambulance	-	-	111,846	-	111,846
Conservation and development	<u>97,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,242</u>
Total Expenditures	<u>200,192</u>	<u>34,619</u>	<u>123,950</u>	<u>-</u>	<u>358,761</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,651)	(5,633)	(8,983)	15,766	(8,501)
OTHER FINANCING SOURCES (USES)					
Transfers in	60	-	-	-	60
Transfers out	<u>(2,445)</u>	<u>(73)</u>	<u>-</u>	<u>(39,269)</u>	<u>(41,787)</u>
Total Other Financing Sources (Uses)	<u>(2,385)</u>	<u>(73)</u>	<u>-</u>	<u>(39,269)</u>	<u>(41,727)</u>
Net Change in Fund Balances	(12,036)	(5,706)	(8,983)	(23,503)	(50,228)
Fund Balances - July 1, 2012	<u>436,341</u>	<u>29,120</u>	<u>(28,719)</u>	<u>146,904</u>	<u>583,646</u>
Fund Balances - June 30, 2013	<u>\$ 424,305</u>	<u>\$ 23,414</u>	<u>(\$ 37,702)</u>	<u>\$ 123,401</u>	<u>\$ 533,418</u>

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**TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2013**

	Roundabout Fund	Underpass Fund	CSO Project Fund	DPW Garage Fund
ASSETS				
Cash and equivalents	\$ -	\$ -	\$ 82,965	\$ 51,996
Due from other governments	2,248	252,868	-	-
Total Assets	2,248	252,868	82,965	51,996
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	-	133,433	-	-
Due to other funds	2,248	119,436	-	-
Deferred revenues	2,248	-	-	-
Total Liabilities	4,496	252,869	-	-
DEFERRED INFLOW OF RESOURCES				
Unavailable revenues-intergovernmental revenues	-	56,278	-	-
Total deferred inflows of resources	-	56,278	-	-
Fund Balances				
Restricted	-	-	82,965	-
Assigned	-	-	-	51,996
Unassigned	(2,248)	(56,279)	-	-
Total Fund Balances	(2,248)	(56,279)	82,965	51,996
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,248	\$ 252,868	\$ 82,965	\$ 51,996

TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2013

Maxfield Project Fund	W. Hartford Library Fund	Wendell A. Barwood Arena Fund	Patriot's Park Fund	Municipal Building Renovation Fund	Totals
\$ 945,698	\$ 325,249	\$ -	\$ 80,000	\$ -	\$ 1,485,908
<u>-</u>	<u>68,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,947</u>
<u>945,698</u>	<u>394,080</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>1,809,855</u>
114,668	1,390	-	-	-	249,491
-	-	8,948	-	87	130,719
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,248</u>
<u>114,668</u>	<u>1,390</u>	<u>8,948</u>	<u>-</u>	<u>87</u>	<u>382,458</u>
<u>-</u>	<u>68,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,109</u>
<u>-</u>	<u>68,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,109</u>
831,030	-	-	-	-	913,995
-	323,859	-	80,000	-	455,855
<u>-</u>	<u>-</u>	<u>(8,948)</u>	<u>-</u>	<u>(87)</u>	<u>(67,562)</u>
<u>831,030</u>	<u>323,859</u>	<u>(8,948)</u>	<u>80,000</u>	<u>(87)</u>	<u>1,302,288</u>
<u>\$ 945,698</u>	<u>\$ 394,080</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 1,809,855</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Roundabout Fund</u>	<u>Underpass Fund</u>	<u>CSO Project Fund</u>	<u>DPW Garage Fund</u>
REVENUES				
Intergovernmental revenues	\$ -	\$ 766,688	\$ -	\$ -
Interest Income	<u>-</u>	<u>-</u>	<u>27</u>	<u>11</u>
Total Revenues	<u>-</u>	<u>766,688</u>	<u>27</u>	<u>11</u>
EXPENDITURES				
Capital expenditures				
GG - Administration	-	-	-	-
Highway	-	761,892	-	-
Recreation and parks	-	-	-	-
Cultural	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>761,892</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>4,796</u>	<u>27</u>	<u>11</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<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	-	4,796	27	11
Fund Balances - July 1, 2012	(2,248)	(61,075)	82,938	51,985
Fund Balances - June 30, 2013	<u>(\$ 2,248)</u>	<u>(\$ 56,279)</u>	<u>\$ 82,965</u>	<u>\$ 51,996</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Maxfield Project Fund	W. Hartford Library Fund	Wendell A. Barwood Arena Fund	Patriot's Park Fund	Municipal Building Renovation Fund	Totals
\$ -	\$ 20,131	\$ -	-	\$ -	\$ 786,819
-	-	-	-	-	38
-	20,131	-	-	-	786,857
-	-	-	-	87	87
-	-	-	-	-	761,892
165,882	-	8,948	-	-	174,830
-	72,935	-	-	-	72,935
165,882	72,935	8,948	-	87	1,009,744
(165,882)	(52,804)	(8,948)	-	(87)	(222,887)
-	150,000	-	80,000	-	230,000
-	(441,000)	-	-	-	(441,000)
-	(291,000)	-	80,000	-	(211,000)
(165,882)	(343,804)	(8,948)	80,000	(87)	(433,887)
996,912	667,663	-	-	-	1,736,175
<u>\$ 831,030</u>	<u>\$ 323,859</u>	<u>(\$ 8,948)</u>	<u>\$ 80,000</u>	<u>(\$ 87)</u>	<u>\$ 1,302,288</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF NET POSITION
WATER AND WASTEWATER FUNDS
JUNE 30, 2013

	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	\$ 1,082,420	\$ 803,427	\$ 1,885,847	\$ 2,346,499	\$ 1,755,044	\$ 4,101,543
Accounts receivable (net of allowance for uncollectible accounts)	184,697	56,852	241,549	302,152	227,204	529,356
Due from other governments	-	3,398	3,398	107,981	-	107,981
Total Current Assets	<u>1,267,117</u>	<u>863,677</u>	<u>2,130,794</u>	<u>2,756,632</u>	<u>1,982,248</u>	<u>4,738,880</u>
Noncurrent Assets						
Capital assets						
Land and land improvements	20,000	14,000	34,000	171,158	88,967	260,125
Buildings and building improvements	276,160	4,000	280,160	16,427,756	9,533,317	25,961,073
Vehicles and equipment	161,236	118,132	279,368	289,679	172,510	462,189
Distribution and collection systems	8,857,664	2,283,685	11,141,349	3,735,815	8,366,951	12,102,766
Construction in progress	-	-	-	82,636	-	82,636
Less accumulated depreciation	(4,204,991)	(1,116,381)	(5,321,372)	(9,813,791)	(6,910,930)	(16,724,721)
Total Noncurrent Assets	<u>5,110,069</u>	<u>1,303,436</u>	<u>6,413,505</u>	<u>10,893,253</u>	<u>11,250,815</u>	<u>22,144,068</u>
Total Assets	<u>6,377,186</u>	<u>2,167,113</u>	<u>8,544,299</u>	<u>13,649,885</u>	<u>13,233,063</u>	<u>26,882,948</u>
LIABILITIES						
Current Liabilities						
Accounts payable	15,575	3,067	18,642	110,365	14,000	124,365
Accrued payroll and benefits payable	6,917	2,042	8,959	10,455	5,888	16,343
Accrued compensated absences payable	16,508	10,355	26,863	28,877	19,213	48,090
Accrued interest payable	4,790	213	5,003	17,023	96,577	113,600
Due to other governments	144,916	-	144,916	123,447	-	123,447
Bonds and notes payable - current portion	122,675	15,000	137,675	317,257	311,845	629,102
Total Current Liabilities	<u>311,381</u>	<u>30,677</u>	<u>342,058</u>	<u>607,424</u>	<u>447,523</u>	<u>1,054,947</u>
Noncurrent Liabilities						
Other post employment benefits	88,135	38,142	126,277	149,906	105,451	255,357
Bonds and notes payable	1,793,237	45,000	1,838,237	7,374,620	5,718,795	13,093,415
Total Noncurrent Liabilities	<u>1,881,372</u>	<u>83,142</u>	<u>1,964,514</u>	<u>7,524,526</u>	<u>5,824,246</u>	<u>13,348,772</u>
Total Liabilities	<u>2,192,753</u>	<u>113,819</u>	<u>2,306,572</u>	<u>8,131,950</u>	<u>6,271,769</u>	<u>14,403,719</u>
NET POSITION						
Net investment in capital assets	3,044,450	1,243,435	4,287,885	3,060,907	5,207,225	8,268,132
Restricted for:						
Impact fee eligible expenses	108,983	55,718	164,701	627,048	210,420	837,468
Unrestricted	1,031,000	754,141	1,785,141	1,829,980	1,543,649	3,373,629
Total Net Position	<u>\$ 4,184,433</u>	<u>\$ 2,053,294</u>	<u>\$ 6,237,727</u>	<u>\$ 5,517,935</u>	<u>\$ 6,961,294</u>	<u>\$ 12,479,229</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
WATER AND WASTEWATER FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 992,663	\$ 327,828	\$ 1,320,491	\$ 1,433,035	\$ 1,007,716	\$ 2,440,751
Rents and other income	39,997	5,904	45,901	86,336	15,394	101,730
Total Operating Revenues	<u>1,032,660</u>	<u>333,732</u>	<u>1,366,392</u>	<u>1,519,371</u>	<u>1,023,110</u>	<u>2,542,481</u>
OPERATING EXPENSES						
Personal services	393,317	119,797	513,114	546,136	323,610	869,746
Administration expenses	20,365	4,646	25,011	11,581	13,130	24,711
Utilities	69,474	32,863	102,337	178,042	69,862	247,904
Contract services	49,057	3,113	52,170	53,296	84,421	137,717
Equipment operation	11,055	4,378	15,433	47,094	16,013	63,107
Repairs and maintenance	30,921	9,135	40,056	73,230	15,245	88,475
Materials and supplies	41,735	8,901	50,636	53,926	22,680	76,606
Insurance expense	10,440	2,302	12,742	24,651	8,014	32,665
Small equipment	16,411	5,588	21,999	4,344	2,816	7,160
Depreciation	277,632	94,516	372,148	646,428	794,184	1,440,612
Total Operating Expenses	<u>920,407</u>	<u>285,239</u>	<u>1,205,646</u>	<u>1,638,728</u>	<u>1,349,975</u>	<u>2,988,703</u>
Operating Income (Loss)	<u>112,253</u>	<u>48,493</u>	<u>160,746</u>	<u>(119,357)</u>	<u>(326,865)</u>	<u>(446,222)</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	2,066	271	2,337	110,914	154,791	265,705
Interest income	240	85	325	351	233	584
Interest expense	(60,753)	(3,198)	(63,951)	(17,935)	(112,814)	(130,749)
Total Nonoperating Revenues (Expenses)	<u>(58,447)</u>	<u>(2,842)</u>	<u>(61,289)</u>	<u>93,330</u>	<u>42,210</u>	<u>135,540</u>
Income (Loss) Before Transfers	<u>53,806</u>	<u>45,651</u>	<u>99,457</u>	<u>(26,027)</u>	<u>(284,655)</u>	<u>(310,682)</u>
TRANSFERS						
Transfers in	483,122	179,553	662,675	659,776	472,724	1,132,500
Transfers out	(483,122)	(179,553)	(662,675)	(659,776)	(472,724)	(1,132,500)
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>53,806</u>	<u>45,651</u>	<u>99,457</u>	<u>(26,027)</u>	<u>(284,655)</u>	<u>(310,682)</u>
Total Net Position, July 1, 2012	<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>
Total Net Position, June 30, 2013	<u>\$ 4,184,433</u>	<u>\$ 2,053,294</u>	<u>\$ 6,237,727</u>	<u>\$ 5,517,935</u>	<u>\$ 6,961,294</u>	<u>\$ 12,479,229</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF CASH FLOWS
WATER AND WASTEWATER FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	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	\$ 1,029,379	\$ 340,636	\$ 1,370,015	\$ 1,551,120	\$ 970,591	\$ 2,521,711
Cash paid to employees	(386,579)	(113,286)	(499,865)	(520,245)	(335,112)	(855,357)
Cash paid to suppliers	(255,639)	(74,261)	(329,900)	(438,165)	(217,241)	(655,406)
Net cash provided (used) by operating activities	<u>387,161</u>	<u>153,089</u>	<u>540,250</u>	<u>592,710</u>	<u>418,238</u>	<u>1,010,948</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Due to other governments	(29,789)	-	(29,789)	(46,814)	-	(46,814)
Net cash provided (used) by noncapital financing activities	<u>(29,789)</u>	<u>-</u>	<u>(29,789)</u>	<u>(46,814)</u>	<u>-</u>	<u>(46,814)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Subsidies from government grants	2,066	61,790	63,856	21,593	265,009	286,602
Proceeds from issuance of debt	-	-	-	514,231	-	514,231
Principal payments - bonds and notes	(119,103)	(15,000)	(134,103)	(11,261)	(91,190)	(102,451)
Interest paid	(61,051)	(3,256)	(64,307)	(5,473)	(24,151)	(29,624)
Purchase of capital assets	(12,776)	(12,776)	(25,552)	(182,822)	(158,107)	(340,929)
Net cash provided (used) by capital and related financing activities	<u>(190,864)</u>	<u>30,758</u>	<u>(160,106)</u>	<u>336,268</u>	<u>(8,439)</u>	<u>327,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	240	85	325	351	233	584
Net cash provided (used) by investing activities	<u>240</u>	<u>85</u>	<u>325</u>	<u>351</u>	<u>233</u>	<u>584</u>
Net increase (decrease) in cash and equivalents	166,748	183,932	350,680	882,515	410,032	1,292,547
Cash and equivalents - July 1, 2012	915,672	619,495	1,535,167	1,463,981	1,345,015	2,808,996
Cash and equivalents - June 30, 2013	<u>1,082,420</u>	<u>803,427</u>	<u>1,885,847</u>	<u>2,346,496</u>	<u>1,755,047</u>	<u>4,101,543</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income	112,253	48,493	160,746	(119,357)	(326,865)	(446,222)
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation	277,632	94,516	372,148	646,428	794,184	1,440,612
(Increase) decrease in accounts receivable	(3,280)	6,905	3,625	31,750	(52,518)	(20,768)
Increase (decrease) in accounts payable	(6,182)	(3,336)	(9,518)	7,998	(11,503)	(3,505)
Increase (decrease) in accrued expenses	6,738	6,511	13,249	25,891	14,940	40,831
Total adjustments	<u>274,908</u>	<u>104,596</u>	<u>379,504</u>	<u>712,067</u>	<u>745,103</u>	<u>1,457,170</u>
Net cash provided (used) by operating activities	<u>\$ 387,161</u>	<u>\$ 153,089</u>	<u>\$ 540,250</u>	<u>\$ 592,710</u>	<u>\$ 418,238</u>	<u>\$ 1,010,948</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
OUTDOOR FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Operating Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES				
Charges for services	\$ 180,455	\$ -	\$ -	\$ 180,455
Rents and other income	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>2,900</u>
Total Operating Revenues	<u>183,355</u>	<u>-</u>	<u>-</u>	<u>183,355</u>
OPERATING EXPENSES				
Personal services	88,372	-	-	88,372
Utilities	53,022	-	-	53,022
Contract services	10,458	-	-	10,458
Equipment operation	13,217	-	-	13,217
Materials and supplies	4,918	-	-	4,918
Insurance expense	7,588	-	-	7,588
Small equipment	5,554	-	-	5,554
Depreciation	<u>-</u>	<u>-</u>	<u>14,869</u>	<u>14,869</u>
Total Operating Expenses	<u>183,129</u>	<u>-</u>	<u>14,869</u>	<u>197,998</u>
Operating Income (Loss)	<u>226</u>	<u>-</u>	<u>(14,869)</u>	<u>(14,643)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	20	-	20
Interest expense	<u>(219)</u>	<u>-</u>	<u>-</u>	<u>(219)</u>
Total Nonoperating Revenues (Expenses)	<u>(219)</u>	<u>20</u>	<u>-</u>	<u>(199)</u>
Income (Loss) Before Transfers	<u>7</u>	<u>20</u>	<u>(14,869)</u>	<u>(14,842)</u>
TRANSFERS				
Transfers in	50,000	12,000	15,000	77,000
Transfers out	<u>(27,000)</u>	<u>-</u>	<u>-</u>	<u>(27,000)</u>
Total Transfers	<u>23,000</u>	<u>12,000</u>	<u>15,000</u>	<u>50,000</u>
Change in Net Position	23,007	12,020	131	35,158
Total Net Position, July 1, 2012	<u>3,090</u>	<u>62,379</u>	<u>66,963</u>	<u>132,432</u>
Total Net Position, June 30, 2013	<u>\$ 26,097</u>	<u>\$ 74,399</u>	<u>\$ 67,094</u>	<u>\$ 167,590</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
SOLID WASTE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Operating Fund	Equipment Reserve Fund	Closure Reserve Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES						
Charges for services	\$ 605,884	\$ -	\$ -	\$ -	\$ -	\$ 605,884
Rents and other income	11,902	-	-	-	-	11,902
Total Operating Revenues	<u>617,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,786</u>
OPERATING EXPENSES						
Personal services	341,541	-	-	-	-	341,541
Administration expenses	4,788	-	-	-	-	4,788
Utilities	14,563	-	-	-	-	14,563
Contract services	403,788	-	-	-	-	403,788
Postclosure care costs	17,323	-	(23,000)	-	-	(5,677)
Franchise tax	9,394	-	-	-	-	9,394
Waste generation fee	5,973	-	-	-	-	5,973
Equipment operation	10,183	-	-	-	-	10,183
Repairs and maintenance	11,677	-	-	-	-	11,677
Materials and supplies	7,283	-	-	-	-	7,283
Insurance expense	8,417	-	-	-	-	8,417
Small equipment	575	-	-	-	-	575
Depreciation	-	-	-	-	72,969	72,969
Total Operating Expenses	<u>835,505</u>	<u>-</u>	<u>(23,000)</u>	<u>-</u>	<u>72,969</u>	<u>885,474</u>
Operating Income (Loss)	<u>(217,719)</u>	<u>-</u>	<u>23,000</u>	<u>-</u>	<u>(72,969)</u>	<u>(267,688)</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	4,817	-	-	-	-	4,817
Interest income	-	18	171	8	-	197
Total Nonoperating Revenues (Expenses)	<u>4,817</u>	<u>18</u>	<u>171</u>	<u>8</u>	<u>-</u>	<u>5,014</u>
Income (Loss) Before Transfers	<u>(212,902)</u>	<u>18</u>	<u>23,171</u>	<u>8</u>	<u>(72,969)</u>	<u>(262,674)</u>
TRANSFERS						
Transfers in	167,723	-	-	6,602	37,455	211,780
Transfers out	(44,057)	-	(17,323)	-	-	(61,380)
Total Transfers	<u>123,666</u>	<u>-</u>	<u>(17,323)</u>	<u>6,602</u>	<u>37,455</u>	<u>150,400</u>
Change in Net Position	<u>(89,236)</u>	<u>18</u>	<u>5,848</u>	<u>6,610</u>	<u>(35,514)</u>	<u>(112,274)</u>
Total Net Position, July 1, 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>
Total Net Position, June 30, 2013	<u>\$ 157,399</u>	<u>\$ 51,800</u>	<u>\$ 105,901</u>	<u>\$ 29,955</u>	<u>\$ 754,665</u>	<u>\$ 1,099,720</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
CENTRAL WATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 992,663	\$ -	\$ -	\$ -	\$ 992,663
Rents and other income	29,895	10,102	-	-	39,997
Total Operating Revenues	<u>1,022,558</u>	<u>10,102</u>	<u>-</u>	<u>-</u>	<u>1,032,660</u>
OPERATING EXPENSES					
Personal services	393,317	-	-	-	393,317
Administration expenses	20,365	-	-	-	20,365
Utilities	69,474	-	-	-	69,474
Contract services	49,057	-	-	-	49,057
Equipment operation	11,055	-	-	-	11,055
Repairs and maintenance	30,921	-	-	-	30,921
Materials and supplies	41,735	-	-	-	41,735
Insurance expense	10,440	-	-	-	10,440
Small equipment	16,411	-	-	-	16,411
Depreciation	-	-	-	277,632	277,632
Total Operating Expenses	<u>642,775</u>	<u>-</u>	<u>-</u>	<u>277,632</u>	<u>920,407</u>
Operating Income (Loss)	<u>379,783</u>	<u>10,102</u>	<u>-</u>	<u>(277,632)</u>	<u>112,253</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	2,066	-	-	-	2,066
Interest income	-	80	160	-	240
Interest expense	(60,753)	-	-	-	(60,753)
Total Nonoperating Revenues (Expenses)	<u>(58,687)</u>	<u>80</u>	<u>160</u>	<u>-</u>	<u>(58,447)</u>
Income (Loss) Before Transfers	<u>321,096</u>	<u>10,182</u>	<u>160</u>	<u>(277,632)</u>	<u>53,806</u>
TRANSFERS					
Transfers in	151,244	-	175,000	156,878	483,122
Transfers out	(331,878)	(144,916)	(6,328)	-	(483,122)
Total Transfers	<u>(180,634)</u>	<u>(144,916)</u>	<u>168,672</u>	<u>156,878</u>	<u>-</u>
Change in Net Position	140,462	(134,734)	168,832	(120,754)	53,806
Total Net Position, July 1, 2012	<u>231,299</u>	<u>243,717</u>	<u>490,407</u>	<u>3,165,204</u>	<u>4,130,627</u>
Total Net Position, June 30, 2013	<u>\$ 371,761</u>	<u>\$ 108,983</u>	<u>\$ 659,239</u>	<u>\$ 3,044,450</u>	<u>\$ 4,184,433</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
QUECHEE WATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 327,828	\$ -	\$ -	\$ -	\$ 327,828
Rents and other income	2,334	3,570	-	-	5,904
Total Operating Revenues	<u>330,162</u>	<u>3,570</u>	<u>-</u>	<u>-</u>	<u>333,732</u>
OPERATING EXPENSES					
Personal services	119,797	-	-	-	119,797
Administration expenses	4,646	-	-	-	4,646
Utilities	32,863	-	-	-	32,863
Contract services	3,113	-	-	-	3,113
Equipment operation	4,378	-	-	-	4,378
Repairs and maintenance	9,135	-	-	-	9,135
Materials and supplies	8,901	-	-	-	8,901
Insurance expense	2,302	-	-	-	2,302
Small equipment	5,588	-	-	-	5,588
Depreciation	-	-	-	94,516	94,516
Total Operating Expenses	<u>190,723</u>	<u>-</u>	<u>-</u>	<u>94,516</u>	<u>285,239</u>
Operating Income (Loss)	<u>139,439</u>	<u>3,570</u>	<u>-</u>	<u>(94,516)</u>	<u>48,493</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	271	-	-	-	271
Interest revenue	-	17	68	-	85
Interest expense	(3,198)	-	-	-	(3,198)
Total Nonoperating Revenues (Expenses)	<u>(2,927)</u>	<u>17</u>	<u>68</u>	<u>-</u>	<u>(2,842)</u>
Income (Loss) Before Transfers	<u>136,512</u>	<u>3,587</u>	<u>68</u>	<u>(94,516)</u>	<u>45,651</u>
TRANSFERS					
Transfers in	1,716	61	150,000	27,776	179,553
Transfers out	(177,837)	-	(1,716)	-	(179,553)
Total Transfers	<u>(176,121)</u>	<u>61</u>	<u>148,284</u>	<u>27,776</u>	<u>-</u>
Change in Net Position	<u>(39,609)</u>	<u>3,648</u>	<u>148,352</u>	<u>(66,740)</u>	<u>45,651</u>
Total Net Position, July 1, 2012	<u>437,202</u>	<u>52,070</u>	<u>208,196</u>	<u>1,310,175</u>	<u>2,007,643</u>
Total Net Position, June 30, 2013	<u>\$ 397,593</u>	<u>\$ 55,718</u>	<u>\$ 356,548</u>	<u>\$ 1,243,435</u>	<u>\$ 2,053,294</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
CENTRAL WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 1,433,035	\$ -	\$ -	\$ -	\$ 1,433,035
Rents and other income	65,455	20,881	-	-	86,336
Total Operating Revenues	<u>1,498,490</u>	<u>20,881</u>	<u>-</u>	<u>-</u>	<u>1,519,371</u>
OPERATING EXPENSES					
Personal services	546,136	-	-	-	546,136
Administration expenses	11,581	-	-	-	11,581
Utilities	178,042	-	-	-	178,042
Contract services	53,296	-	-	-	53,296
Equipment operation	47,094	-	-	-	47,094
Repairs and maintenance	73,230	-	-	-	73,230
Materials and supplies	53,926	-	-	-	53,926
Insurance expense	24,651	-	-	-	24,651
Small equipment	4,344	-	-	-	4,344
Depreciation	-	-	-	646,428	646,428
Total Operating Expenses	<u>992,300</u>	<u>-</u>	<u>-</u>	<u>646,428</u>	<u>1,638,728</u>
Operating Income (Loss)	<u>506,190</u>	<u>20,881</u>	<u>-</u>	<u>(646,428)</u>	<u>(119,357)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	110,914	-	-	-	110,914
Interest income	-	199	152	-	351
Interest expense	<u>(17,935)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,935)</u>
Total Nonoperating Revenues (Expenses)	<u>92,979</u>	<u>199</u>	<u>152</u>	<u>-</u>	<u>93,330</u>
Income (Loss) Before Transfers	<u>599,169</u>	<u>21,080</u>	<u>152</u>	<u>(646,428)</u>	<u>(26,027)</u>
TRANSFERS					
Transfers in	219,009	40,767	400,000	-	659,776
Transfers out	<u>(440,767)</u>	<u>-</u>	<u>-</u>	<u>(219,009)</u>	<u>(659,776)</u>
Total Transfers	<u>(221,758)</u>	<u>40,767</u>	<u>400,000</u>	<u>(219,009)</u>	<u>-</u>
Change in Net Position	377,411	61,847	400,152	(865,437)	(26,027)
Total Net Position, July 1, 2012	<u>589,615</u>	<u>565,201</u>	<u>462,802</u>	<u>3,926,344</u>	<u>5,543,962</u>
Total Net Position, June 30, 2013	<u>\$ 967,026</u>	<u>\$ 627,048</u>	<u>\$ 862,954</u>	<u>\$ 3,060,907</u>	<u>\$ 5,517,935</u>

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TOWN OF HARTFORD, VERMONT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
QUECHEE WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 1,007,716	\$ -	\$ -	\$ -	\$ 1,007,716
Rents and other income	4,065	11,329	-	-	15,394
Total Operating Revenues	<u>1,011,781</u>	<u>11,329</u>	<u>-</u>	<u>-</u>	<u>1,023,110</u>
OPERATING EXPENSES					
Personal services	323,610	-	-	-	323,610
Administration expenses	13,130	-	-	-	13,130
Utilities	69,862	-	-	-	69,862
Contract services	84,421	-	-	-	84,421
Equipment operation	16,013	-	-	-	16,013
Repairs and maintenance	15,245	-	-	-	15,245
Materials and supplies	22,680	-	-	-	22,680
Insurance expense	8,014	-	-	-	8,014
Small equipment	2,816	-	-	-	2,816
Depreciation	-	-	-	794,184	794,184
Total Operating Expenses	<u>555,791</u>	<u>-</u>	<u>-</u>	<u>794,184</u>	<u>1,349,975</u>
Operating Income (Loss)	<u>455,990</u>	<u>11,329</u>	<u>-</u>	<u>(794,184)</u>	<u>(326,865)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	154,791	-	-	-	154,791
Interest revenue	-	65	141	27	233
Interest expense	<u>(112,814)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,814)</u>
Total Nonoperating Revenues (Expenses)	<u>41,977</u>	<u>65</u>	<u>141</u>	<u>27</u>	<u>42,210</u>
Income (Loss) Before Transfers	<u>497,967</u>	<u>11,394</u>	<u>141</u>	<u>(794,157)</u>	<u>(284,655)</u>
TRANSFERS					
Transfers in	-	-	320,000	152,724	472,724
Transfers out	<u>(472,724)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(472,724)</u>
Total Transfers	<u>(472,724)</u>	<u>-</u>	<u>320,000</u>	<u>152,724</u>	<u>-</u>
Change in Net Position	25,243	11,394	320,141	(641,433)	(284,655)
Total Net Position, July 1, 2012	<u>768,161</u>	<u>199,026</u>	<u>430,104</u>	<u>5,848,658</u>	<u>7,245,949</u>
Total Net Position, June 30, 2013	<u>\$ 793,404</u>	<u>\$ 210,420</u>	<u>\$ 750,245</u>	<u>\$ 5,207,225</u>	<u>\$ 6,961,294</u>

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TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OUTDOOR FACILITIES FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 219,640	\$ 180,455	(\$ 39,185)
Rents and other income	50,000	52,900	2,900
Total Operating Revenues	269,640	233,355	(36,285)
OPERATING EXPENSES			
Personal services	108,588	88,372	20,216
Utilities	53,900	53,022	878
Contract services	6,500	10,458	(3,958)
Equipment operation	4,500	13,217	(8,717)
Materials and supplies	4,950	4,918	32
Insurance expense	6,849	7,588	(739)
Small equipment	12,000	5,554	6,446
Debt service	15,394	15,219	175
Capital reserve	46,959	12,000	34,959
Capital outlay	10,000	-	10,000
Total Operating Expenses	269,640	210,348	59,292
Change in Net Position	\$ -	\$ 23,007	\$ 23,007

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

Change in Net Position - Budgetary Basis	\$ 23,007
Depreciation Expense	(14,869)
Purchase of Capital Assets	12,000
Principal Payments on Bonds and Leases	15,000
Interest Income	20
Change in Net Position - GAAP Basis	\$ 35,158

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TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
SOLID WASTE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 693,664	\$ 605,884	(\$ 87,780)
Rents and other income	326,700	167,119	(159,581)
Total Operating Revenues	1,020,364	773,003	(247,361)
OPERATING EXPENSES			
Personal services	309,198	341,541	(32,343)
Administration expenses	6,950	4,788	2,162
Utilities	16,110	14,563	1,547
Contract services	458,518	403,788	54,730
Postclosure care costs	24,000	17,323	6,677
Franchise tax	8,400	9,394	(994)
Waste generation fee	9,050	5,973	3,077
Equipment operation	16,225	10,183	6,042
Repairs and maintenance	53,200	11,677	41,523
Materials and supplies	7,000	7,283	(283)
Insurance expense	8,411	8,417	(6)
Small equipment	21,700	575	21,125
Capital reserve	6,602	6,602	-
Capital outlay	75,000	37,455	37,545
Total Operating Expenses	1,020,364	879,562	140,802
Change in Net Position	\$ -	(\$ 106,559)	(\$ 106,559)

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

Change in Net Position - Budgetary Basis	(\$ 106,559)
Depreciation Expense	(72,969)
Purchase of Capital Assets	37,455
Landfill Closure Costs	23,000
Transfers to/(from) Capital Reserve Fund	6,602
Interest Income	197
Change in Net Position - GAAP Basis	(\$ 112,274)

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TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CENTRAL WATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 986,770	\$ 992,663	\$ 5,893
Rents and other income	<u>338,222</u>	<u>183,205</u>	<u>(155,017)</u>
Total Operating Revenues	<u>1,324,992</u>	<u>1,175,868</u>	<u>(149,124)</u>
OPERATING EXPENSES			
Personal services	327,106	393,317	(66,211)
Administration expenses	20,500	20,365	135
Utilities	74,400	69,474	4,926
Contract services	45,950	49,057	(3,107)
Equipment operation	13,992	11,055	2,937
Repairs and maintenance	30,250	30,921	(671)
Materials and supplies	380,057	41,735	338,322
Insurance expense	10,918	10,440	478
Small equipment	16,180	16,411	(231)
Debt service	182,430	177,848	4,582
Capital reserve	223,209	175,000	48,209
Capital outlay	<u>-</u>	<u>12,776</u>	<u>(12,776)</u>
Total Operating Expenses	<u>1,324,992</u>	<u>1,008,399</u>	<u>316,593</u>
Change in Net Position	<u>\$ -</u>	<u>\$ 167,469</u>	<u>\$ 167,469</u>

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

Change in Net Position - Budgetary Basis	\$ 167,469
Depreciation Expense	(277,632)
Purchase of Capital Assets	12,776
Principal Payments on Bonds and Leases	117,095
Transfers to/(from) Impact Fee Funds	(144,916)
Transfers to/(from) Capital Reserve Funds	168,672
Impact Fee Income	10,102
Interest Income	<u>240</u>
Change in Net Position - GAAP Basis	<u>\$ 53,806</u>

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TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
QUECHEE WATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 336,659	\$ 327,828	(\$ 8,831)
Rents and other	12,689	4,321	(8,368)
Total Operating Revenues	349,348	332,149	(17,199)
OPERATING EXPENSES			
Personal services	150,762	119,797	30,965
Administration expenses	6,250	4,646	1,604
Utilities	31,800	32,863	(1,063)
Contract services	16,220	3,113	13,107
Equipment operation	5,840	4,378	1,462
Repairs and maintenance	18,700	9,135	9,565
Materials and supplies	6,750	8,901	(2,151)
Insurance expense	2,345	2,302	43
Small equipment	33,480	5,588	27,892
Debt service	18,937	18,198	739
Capital reserve	58,264	150,000	(91,736)
Capital outlay	-	12,776	(12,776)
Total Operating Expenses	349,348	371,697	(22,349)
Change in Net Position	\$ -	(\$ 39,548)	(\$ 39,548)

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

Change in Net Position - Budgetary Basis	(\$ 39,548)
Depreciation Expense	(94,516)
Purchase of Capital Assets	12,776
Principal Payments on Bonds and Leases	15,000
Transfers to/(from) Capital Reserve Funds	148,284
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	3,570
Interest Income	85
Change in Net Position - GAAP Basis	\$ 45,651

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TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CENTRAL WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,468,654	\$ 1,433,035	(\$ 35,619)
Rents and other income	<u>184,163</u>	<u>176,369</u>	<u>(7,794)</u>
Total Operating Revenues	<u>1,652,817</u>	<u>1,609,404</u>	<u>(43,413)</u>
OPERATING EXPENSES			
Personal services	551,832	546,136	5,696
Administration expenses	13,175	11,581	1,594
Utilities	193,300	178,042	15,258
Contract services	92,500	53,296	39,204
Equipment operation	71,960	47,094	24,866
Repairs and maintenance	244,057	73,230	170,827
Materials and supplies	40,400	53,926	(13,526)
Insurance expense	24,423	24,651	(228)
Small equipment	29,900	4,344	25,556
Debt service	-	17,935	(8,730)
Capital reserve	391,270	400,000	(17,935)
Capital outlay	<u>-</u>	<u>182,822</u>	<u>(182,822)</u>
Total Operating Expenses	<u>1,652,817</u>	<u>1,593,057</u>	<u>59,760</u>
Change in Net Position	<u>\$ -</u>	<u>\$ 16,347</u>	<u>\$ 16,347</u>

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

Change in Net Position - Budgetary Basis	\$ 16,347
Depreciation Expense	(646,428)
Purchase of Capital Assets	182,822
Transfers to/(from) Capital Reserve Funds	400,000
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	20,881
Interest Income	<u>351</u>
Change in Net Position - GAAP Basis	<u>(\$ 26,027)</u>

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TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
QUECHEE WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 982,387	\$ 1,007,716	\$ 25,329
Rents and other income	94,654	158,856	64,202
	<u>1,077,041</u>	<u>1,166,572</u>	<u>89,531</u>
OPERATING EXPENSES			
Personal services	307,359	323,610	(16,251)
Administration expenses	14,550	13,130	1,420
Utilities	74,600	69,862	4,738
Contract services	112,300	84,421	27,879
Equipment operation	19,270	16,013	3,257
Repairs and maintenance	83,200	15,245	67,955
Materials and supplies	21,000	22,680	(1,680)
Insurance expense	5,889	8,014	(2,125)
Small equipment	27,700	2,816	24,884
Debt service	94,684	187,814	(93,130)
Capital reserve	316,489	320,000	(3,511)
Capital outlay	-	158,108	(158,108)
	<u>1,077,041</u>	<u>1,221,713</u>	<u>(144,672)</u>
Change in Net Position	<u>\$ -</u>	<u>(\$ 55,141)</u>	<u>(\$ 55,141)</u>

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

Change in Net Position - Budgetary Basis	(\$ 55,141)
Depreciation Expense	(794,184)
Purchase of Capital Assets	158,108
Principal Payments on Bonds and Leases	75,000
Transfers to/(from) Capital Reserve Funds	320,000
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	11,329
Interest Income	233
Change in Net Position - GAAP Basis	<u>(\$ 284,655)</u>

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Independent Auditors' 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

Board of Selectmen
Town of Hartford
171 Bridge Street
Hartford, Vermont 05001

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the 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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Hartford, Vermont's basic financial statements, and have issued our report thereon dated January 20, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

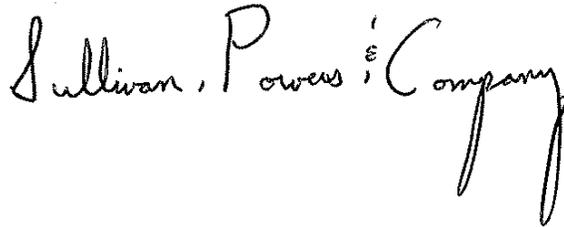
As part of obtaining reasonable assurance about whether the Town of Hartford, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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".

However, we have noted certain matters that we reported in a separate letter to the management of the Town of Hartford, Vermont dated January 20, 2014.

Purpose of this Report

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

January 20, 2014
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the printed address information.