

TOWN OF HARTFORD, VERMONT

AUDIT REPORT

JUNE 30, 2014

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AUDIT REPORT
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Independent Auditors' 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, 2014, 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 previously 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, 2014, 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 management's discussion and analysis and the budgetary comparison for the General Fund in 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

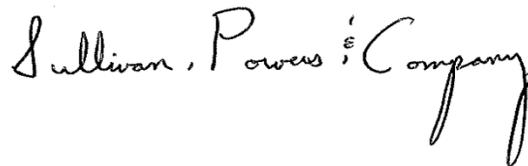
Our audit was conducted for the purpose of forming opinions, on the financial statements that collectively comprise the Town of Hartford, Vermont's basic financial statements. The accompanying financial information listed as Schedules 2 through 11 in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. These Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The combining and budgetary schedules listed in the table of contents as Schedules 12 through 23 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated January 29, 2015 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 29, 2015
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, 2014. 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 \$48,330,148 (*net position*). Of this amount, \$8,091,301 (*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 \$2,035,057. Of this amount, net position attributable to governmental activities increased by \$2,196,899 and net position attributable to business-type activities decreased by \$161,842.
- As of the close of the current fiscal year, the Town of Hartford's governmental funds reported combined ending fund balances of \$5,006,061, a decrease of \$958,443 in comparison with the prior year. Of this total amount, \$547,804 is *available for spending* at the government's discretion. Of this balance, \$574,090 represents negative fund balances for funds where revenues were received after June 30, 2014, and \$1,121,894 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,121,894 or 8.3 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 \$1,354,633 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, the Bridge Street Underpass Fund, and the Maxfield Sports Complex Fund which are considered to be 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 Outdoor Facilities Fund, 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.

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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 7,161,879	\$ 7,804,262	\$ 10,183,103	\$ 7,855,796	\$ 17,344,982	\$ 15,660,058
Capital assets	31,702,958	24,934,884	29,093,253	29,379,331	60,796,211	54,314,215
Total Assets	38,864,837	32,739,146	39,276,356	37,235,127	78,141,193	69,974,273
Long-term liabilities outstanding	8,208,921	4,669,350	17,525,644	15,743,189	25,734,565	20,412,539
Other liabilities	2,082,939	1,694,012	1,928,288	1,507,672	4,011,227	3,201,684
Total Liabilities	10,291,860	6,363,362	19,453,932	17,250,861	29,745,792	23,614,223
Unavailable revenues - prepaid taxes	65,253	64,959	-	-	65,253	64,959
Total deferred inflows of resources	65,253	64,959	-	-	65,253	64,959
Net Position						
Net investment in capital assets	25,469,023	22,226,677	12,745,819	13,377,776	38,214,842	35,604,453
Restricted	996,409	2,037,191	1,027,596	1,002,169	2,024,005	3,039,360
Unrestricted	2,042,292	2,046,957	6,049,009	5,604,321	8,091,301	7,651,278
Total Net Position	\$ 28,507,724	\$ 26,310,825	\$ 19,822,424	\$ 19,984,266	\$ 48,330,148	\$ 46,295,091

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 \$48,330,148 at the close of the most recent fiscal year.

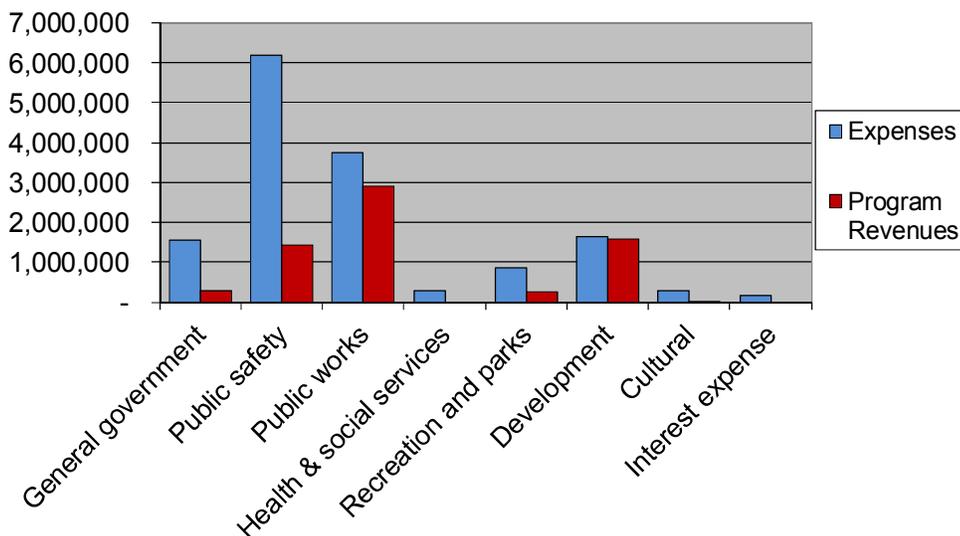
By far the largest portion of the Town of Hartford's net position (79%) reflects its investment in capital assets (e.g., land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town of Hartford uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the Town of Hartford's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Hartford's net position (4%) represents resources that are subject to external restriction on how they may be used. The remaining balance of *unrestricted net position* (\$8,091,301) 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 \$2,196,899 during the current fiscal year. Net investment in capital assets, net of related debt, increased by \$3,242,346. This increase resulted from the net effect of an increase as a result of depreciation exceeding capital outlays expense by \$6,768,117, an increase as a result of principal payments on long-term bonds and notes of \$351,957, a decrease as a result of proceeds from the issuance of long-term debt of \$3,655,000, and a decrease resulting from an increase in retainage payable of \$222,728. Restricted net position decreased by \$1,040,782, primarily as a result of the use of donated Maxfield Property funds previously restricted, and also from the use of Debt Service funds. Unrestricted net position decreased by \$4,665, as the result of several offsetting normal factors that influence net position from year to year.

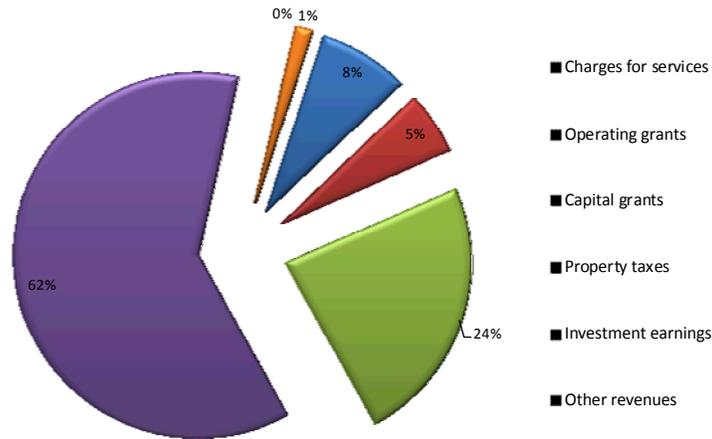
Expenses and Program Revenues - Governmental Activities



TOWN OF HARTFORD, VERMONT'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 1,374,270	\$ 1,328,663	\$ 4,812,363	\$ 4,547,581	\$ 6,186,633	\$ 5,876,244
Operating grants and contributions	971,331	997,752	112,490	272,859	1,083,821	1,270,611
Capital grants and contributions	4,123,938	2,969,811	-	-	4,123,938	2,969,811
General revenues						
Property taxes	10,778,959	10,543,220	-	-	10,778,959	10,543,220
Unrestricted investment earnings	6,353	12,820	442	1,126	6,795	13,946
Gain(loss) on sale of capital assets	8,424	(18,586)	-	-	8,424	(18,586)
Other revenues	246,232	182,758	56,433	162,433	302,665	345,191
Total Revenues	17,509,507	16,016,438	4,981,728	4,983,999	22,491,235	21,000,437
Expenses						
Governmental activities						
General government						
Administration	866,760	688,321	-	-	866,760	688,321
Elections and vital statistics	170,645	201,313	-	-	170,645	201,313
Finance	319,429	391,263	-	-	319,429	391,263
Valuation	188,982	191,270	-	-	188,982	191,270
Boards & commissions	5,992	8,210	-	-	5,992	8,210
Public safety						
Police	2,533,487	2,485,084	-	-	2,533,487	2,485,084
Fire and ambulance	2,938,187	2,926,545	-	-	2,938,187	2,926,545
Dispatch	717,106	682,687	-	-	717,106	682,687
Public works						
Highways	3,617,023	3,801,663	-	-	3,617,023	3,801,663
Public works administration	133,375	127,981	-	-	133,375	127,981
Health and social services	272,020	257,425	-	-	272,020	257,425
Recreation and parks						
Recreation administration	200,798	191,942	-	-	200,798	191,942
Recreation programs	341,659	307,985	-	-	341,659	307,985
Parks	319,208	590,413	-	-	319,208	590,413
Conservation and development	1,631,858	1,011,685	-	-	1,631,858	1,011,685
Cultural	291,569	235,259	-	-	291,569	235,259
Interest on long-term debt	179,176	64,409	-	-	179,176	64,409
Business-type activities						
Outdoor facilities	-	-	265,863	198,217	265,863	198,217
Solid waste	-	-	886,207	885,474	886,207	885,474
Water and wastewater	-	-	4,576,834	4,389,049	4,576,834	4,389,049
Total Expenses	14,727,274	14,163,455	5,728,904	5,472,740	20,456,178	19,636,195
Change in net position before transfers	2,782,233	1,852,983	(747,176)	(488,741)	2,035,057	1,364,242
Transfers	(585,334)	(200,400)	585,334	200,400	-	-
Change in net position	2,196,899	1,652,583	(161,842)	(288,341)	2,035,057	1,364,242
Net position - beginning of year	26,310,825	24,658,242	19,984,266	20,272,607	46,295,091	44,930,849
Net position - end of year	\$ 28,507,724	\$ 26,310,825	\$ 19,822,424	\$ 19,984,266	\$ 48,330,148	\$ 46,295,091

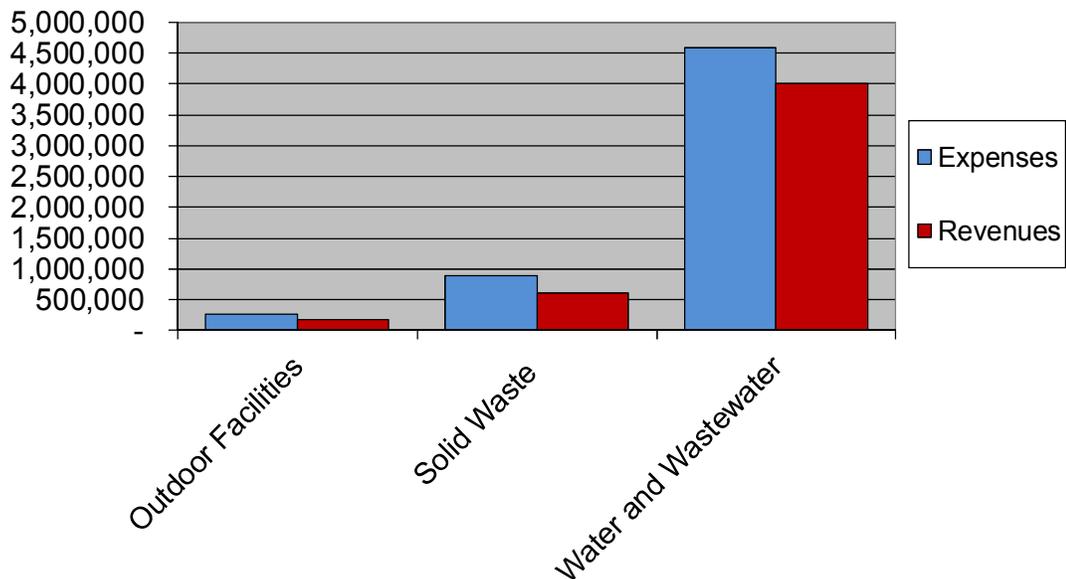
Revenues by Source - Governmental Activities



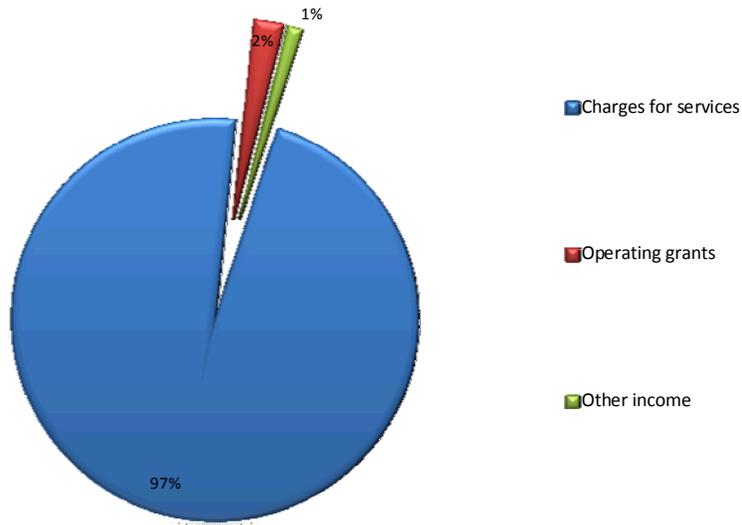
Business-type activities. Business-type activities decreased the Town of Hartford's net position by \$161,842 during the current fiscal year. Key elements of this change are as follows:

- Charges for services increased by 5.8%. Charges for services in the Outdoor Facilities Fund, Solid Waste and Water Funds remained relatively the same. Charges for services in the Wastewater Funds increased by 9.5%
- Operating expenses(before depreciation) increased by 0.7%.
- Total depreciation expense for business-type activities is \$1,909,135, a 0.4% 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 \$5,006,061, a decrease of \$958,443 in comparison to the prior year. Of this total amount, \$27,168 is non-spendable (permanent fund principal) and \$969,241 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, \$3,461,849 has been assigned by the Town for various purposes, and \$547,804 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 \$1,121,894, and assigned fund balance was \$2,486,080. 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 8.3 percent of general fund expenditures and operating transfers, while total fund balance represents 26.6 percent of that same amount.

The fund balance of the Town of Hartford's general fund decreased by \$677,679 during the current fiscal year. Key factors in this change are as follows:

- The Town transferred \$355,000 from the General Fund to provide funding for the Wendell A. Barwood Arena Renovation Project.
- The Town transferred \$310,000 assigned within the General Fund for the Town's share of Hurricane Irene repair expenses to the Hurricane Irene Fund in preparation for close out of this fund.
- The Town transferred \$75,000 assigned within the General Fund for the Solid Waste Curbside Recycling Program to the Solid Waste Fund.

- Revenue from Taxes was \$190,395 under budget during the year as a result of significantly more taxes not received soon enough after the end of the year to fund current operations of the General Fund.

Special revenue funds consist primarily of community development funds (\$481,204) and impact fee funds (\$120,332). 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 made up a significant portion of the Town's activity during the year. Three funds were large enough and met the criteria to be reported as major funds within the Town's financial statements. These three major funds were the Hurricane Irene Fund(negative \$81,511), The Bridge St Underpass Fund(negative \$75,605), and the Maxfield Sports Complex Fund(\$655,147). The Hurricane Irene Fund has seen the majority of its activity winding down with the exception of the Hazard Mitigation Buyout Program. This program allows the Town to buyout properties severely damaged during Hurricane Irene and at high-risk of future flooding with 100% state and federal grant funding. The Bridge Underpass Fund is used to track revenues and expenditures related to designing a new underpass and sidewalks at the intersection of bridge street and railroad rowe near the White River Junction downtown area. The project geared up significantly during FY13-14 and was almost complete by June 30, 2014. The Maxfield Sports Complex Fund is used to track revenues and expenditures related to designing and constructing a sports complex including several sports fields, basketball courts, tennis courts, and other necessary infrastructure on donated land off from Route 5/North Hartland Road. New capital project funds at the Town include the Pump House & Children's Pool Fund(\$220,000) for tracking construction of a new pump house and children's pool at the pool near the Hartford high school, the Municipal Building Renovation Fund(negative \$285,200) used to track revenue and expenditures related to designing and constructing renovations to the Town's existing municipal building at 171 Bridge Street, and the Prospect Street TIF District Fund which will be used to track improvements to the infrastructure within the Prospect Street TIF District.

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 \$309,858 and those of the Water Fund amounted to \$1,769,172. Unrestricted net position of the Outdoor Facilities Fund amounted to \$463,704 and those of the Wastewater Fund amounted to \$3,506,275. Unrestricted net position of the Solid Waste Fund decreased by \$35,197, those of the Water Fund decreased \$15,969 and those of the Wastewater Fund decreased by \$132,646. Unrestricted net position of the Outdoor Facilities Fund increased by \$363,208. 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 transferred \$355,000 from the General Fund to provide funding for the Wendell A. Barwood Arena Renovation Project but nothing was budgeted for this transfer
- Tax revenue was budgeted at \$10,545,177 but only \$10,354,782 in revenue was recognized resulting in tax revenue being \$190,395 under budget. Compared to prior years, significantly less taxes were received soon enough after the end of the year to fund current operations of the General Fund and thus could not be recognized as revenue during FY13-14.
- Intergovernmental grant revenue was over budget by \$153,114 as a result of grants the Town did not plan for at the time of budgeting but were subsequently identified, applied for, and received.

- The General Government – Administration line was over budget by \$144,104 mostly as the result of legal expenditures being higher than budgeted and expenditures within the Information Technology Department also being over budget.
- The Public Safety – Fire & Ambulance line was under budget by \$237,868 during the year mostly due to personnel positions budgeted for but not filled, workman’s compensation insurance coming in under budget, and public safety building expenditures budgeted for but not completed during the year.
- Capital expenditures for Town parks were under budget by \$184,868 during the year due to time constraints which forced the budgeted park projects to be pushed back to future years.

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, 2014, amounted to \$38,214,842(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 capital assets increased by 14.6 percent for governmental activities, and decreased 4.8 percent for business-type activities.

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

- Design, engineering, and construction of the new Maxfield Sports Complex(\$3,267,131)
- Design, engineering, and construction related to renovation of the Barwood Municipal Arena(\$1,241,605)
- Design, engineering, and construction of the bridge street underpass(\$2,456,199)
- FY13-14 Paving(\$907,499)
- Design, engineering, and construction of the new West Hartford Library(\$768,060)
- Design, engineering, and construction related to the municipal building renovation(\$410,448)

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,107,776	\$ 883,876	\$ 424,307	\$ 414,158	\$ 1,532,083	\$ 1,298,034
Land improvements	644,417	590,819	83,527	101,028	727,944	691,847
Buildings and improvements	2,089,412	2,228,464	15,659,492	16,810,542	17,748,904	19,039,006
Vehicles and equipment	2,827,857	2,832,264	318,436	297,265	3,146,293	3,129,529
Roads, bridges and sidewalks	15,623,129	15,967,788	-	-	15,623,129	15,967,788
Distribution and collection systems	-	-	11,263,238	11,669,702	11,263,238	11,669,702
Construction in progress	9,410,367	2,431,673	1,344,253	86,636	10,754,620	2,518,309
Total Assets	\$ 31,702,958	\$ 24,934,884	\$ 29,093,253	\$ 29,379,331	\$ 60,796,211	\$ 54,314,215

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

Long-term debt. At the end of the current year, the Town of Hartford had total long-term debt outstanding of \$23,585,367. Of this amount, \$8,133,464 represents bonded debt backed by the full faith and credit of the Town, and \$15,451,903 represents revolving loan debt issued by either the State of Vermont or the Federal Government.

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds payable	\$ 5,363,464	\$ 1,870,225	\$ 2,770,000	\$ 360,000	\$ 8,133,464	\$ 2,230,225
Revolving loans payable	636,552	826,748	14,815,351	15,338,429	15,451,903	16,165,177
Totals	\$ 6,000,016	\$ 2,696,973	\$ 17,585,351	\$ 15,698,429	\$ 23,585,367	\$ 18,395,402

The Town of Hartford's total debt increased by \$5,189,965 during the year, reflecting repayments on existing debt of \$1,125,337, new revolving loan debt within the Hartford wastewater fund of \$160,302, new bond debt for the Maxfield Sports Complex, West Hartford Library, and Children's Pool & Pump House of \$3,655,000 and new bond debt for the Barwood Municipal Arena Renovation of \$2,500,000.

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 \$132,475,580 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.I. 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, remaining unchanged from the rate one year ago. This compares with a 3.9 percent rate state-wide, also unchanged from one year ago.
- Health insurance rates have increased, albeit at a slower pace than seen in past recent years
- Restricted, assigned and designated funds at the end of June 30, 2014, amounted to \$9,231,639. 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 \$200,000. 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 2016 fiscal year.

The Town of Hartford approved a general fund budget for fiscal year 2015 in the amount of \$14,543,765. This represents an increase of \$1,061,835 or 7.9 percent over the approved budget for the previous year. The Town will utilize \$633,436 in assigned capital funds and \$200,000 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 21, 2014 and were effective July 1, 2014. For the Outdoor Facilities Fund, the family season pass, youth season pass, adult season pass, and senior season pass were all increased by \$5 which represents an increase between 6.7% and 33.3%. Rates for the Solid Waste Fund remained the same with the exception of residential rates. The rate for disposal of up to 50 lbs. of regular waste increased from \$3.05 to \$3.25, or 6.6%. 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 rates remained unchanged.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,086,203	\$ 9,077,108	\$ 14,163,311
Investments	15,857	-	15,857
Receivables (net of allowance for uncollectible accounts)			
Taxes receivable	453,388	-	453,388
Accounts receivable	79,195	885,884	965,079
Notes receivable	87,695	-	87,695
Deposit receivable	8,917	-	8,917
Due from other governments	1,211,319	220,111	1,431,430
Restricted assets			
Cash and cash equivalents	219,305	-	219,305
Capital assets (net of accumulated depreciation)			
Land and land improvements	1,752,193	507,834	2,260,027
Buildings and building improvements	2,089,412	15,659,492	17,748,904
Vehicles and equipment	2,827,857	318,436	3,146,293
Roads, bridges and sidewalks	15,623,129	-	15,623,129
Distribution and collection systems	-	11,263,238	11,263,238
Construction in progress	9,410,367	1,344,253	10,754,620
	38,864,837	39,276,356	78,141,193
Total Assets			
LIABILITIES			
Accounts payable	1,013,915	704,528	1,718,443
Accrued payroll and benefits payable	204,991	41,858	246,849
Accrued compensated absences payable	375,785	93,159	468,944
Accrued interest payable	20,003	123,672	143,675
Due to other governments	43,101	28,798	71,899
Unearned revenue	5,698	-	5,698
Noncurrent liabilities			
Due within one year	419,446	936,273	1,355,719
Due in more than one year	8,208,921	17,525,644	25,734,565
	10,291,860	19,453,932	29,745,792
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-prepaid taxes	65,253	-	65,253
	65,253	-	65,253
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	25,469,023	12,745,819	38,214,842
Restricted for:			
Public safety	5,515	-	5,515
Impact fee eligible expenses	120,332	1,027,596	1,147,928
Recreation and parks	18,000	-	18,000
Community development	514,689	-	514,689
Debt service	219,305	-	219,305
Endowments and perpetual care			
Non-expendable	27,168	-	27,168
Expendable	8,427	-	8,427
Other	82,973	-	82,973
Unrestricted	2,042,292	6,049,009	8,091,301
	28,507,724	19,822,424	48,330,148
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, 2014

	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	\$ 866,760	\$ 11,081	\$ 33,000	\$ -	(\$ 822,679)	\$ - (\$ 822,679)
Elections and vital statistics	170,645	126,778	-	-	(43,867)	- (43,867)
Finance	319,429	54,949	-	-	(264,480)	- (264,480)
Valuation	188,982	1	53,801	-	(135,180)	- (135,180)
Boards and commissions	5,992	-	-	-	(5,992)	- (5,992)
Public safety						
Police	2,533,487	45,708	305,474	-	(2,182,305)	- (2,182,305)
Fire and ambulance	2,938,187	518,679	72,348	137,516	(2,209,644)	- (2,209,644)
Dispatch	717,106	347,285	5,961	-	(363,860)	- (363,860)
Public works						
Highways	3,617,023	19,229	267,870	2,617,031	(712,893)	- (712,893)
Public works administration	133,375	-	-	-	(133,375)	- (133,375)
Health and social services	272,020	-	-	-	(272,020)	- (272,020)
Recreation and parks						
Recreation administration	200,798	-	9,371	-	(191,427)	- (191,427)
Recreation programs	341,659	222,529	-	-	(119,130)	- (119,130)
Parks	319,208	-	26,701	12,200	(280,307)	- (280,307)
Conservation and development	1,631,858	28,031	196,805	1,351,022	(56,000)	- (56,000)
Cultural	291,569	-	-	6,169	(285,400)	- (285,400)
Interest on long-term debt	179,176	-	-	-	(179,176)	- (179,176)
Total governmental activities	<u>14,727,274</u>	<u>1,374,270</u>	<u>971,331</u>	<u>4,123,938</u>	<u>(8,257,735)</u>	<u>- (8,257,735)</u>
Business-type activities						
Outdoor facilities	265,863	187,339	-	-	- (78,524)	(78,524)
Solid waste	886,207	611,497	4,509	-	- (270,201)	(270,201)
Water and wastewater	4,576,834	4,013,527	107,981	-	- (455,326)	(455,326)
Total business-type activities	<u>5,728,904</u>	<u>4,812,363</u>	<u>112,490</u>	<u>-</u>	<u>- (804,051)</u>	<u>(804,051)</u>
Total primary government	<u>\$ 20,456,178</u>	<u>\$ 6,186,633</u>	<u>\$ 1,083,821</u>	<u>\$ 4,123,938</u>	<u>(8,257,735)</u>	<u>(804,051) (9,061,786)</u>
General revenues:						
Property taxes					10,778,959	- 10,778,959
Unrestricted investment earnings					6,353	442 6,795
Gain(loss) on sale of capital assets					8,424	- 8,424
Other revenues					246,232	56,433 302,665
Transfers					(585,334)	585,334 -
Total general revenues and transfers					<u>10,454,634</u>	<u>642,209 11,096,843</u>
Change in net position					2,196,899	(161,842) 2,035,057
Net position, July 1, 2013					<u>26,310,825</u>	<u>19,984,266 46,295,091</u>
Net position, June 30, 2014					<u>\$ 28,507,724</u>	<u>\$ 19,822,424 \$ 48,330,148</u>

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

TOWN OF HARTFORD, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Hurricane Irene Fund	Bridge Street Underpass Fund	Maxfield Sports Complex Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and equivalents	\$ 2,920,540	\$ -	\$ -	\$ 1,094,406	\$ 1,071,257	\$ 5,086,203
Investments	-	-	-	-	15,857	15,857
Receivables (net of allowances for uncollectible accounts)						
Taxes receivable	533,388	-	-	-	-	533,388
Accounts receivable	48,308	-	-	-	30,887	79,195
Notes receivable	-	-	-	-	87,695	87,695
Deposit receivable	-	-	-	-	8,917	8,917
Due from other governments	103,988	422,721	274,679	-	409,931	1,211,319
Due from other funds	1,095,368	-	-	-	-	1,095,368
Restricted assets:						
Cash and equivalents	-	-	-	-	219,305	219,305
Total Assets	<u>4,701,592</u>	<u>422,721</u>	<u>274,679</u>	<u>1,094,406</u>	<u>1,843,849</u>	<u>8,337,247</u>
LIABILITIES						
Accounts payable	293,278	2,959	103,002	439,259	175,417	1,013,915
Accrued payroll and benefits payable	204,991	-	-	-	-	204,991
Due to other governments	-	-	-	-	43,101	43,101
Due to other funds	117,583	392,709	171,677	-	413,399	1,095,368
Unearned revenue	3,450	-	-	-	2,248	5,698
Total Liabilities	<u>619,302</u>	<u>395,668</u>	<u>274,679</u>	<u>439,259</u>	<u>634,165</u>	<u>2,363,073</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable revenues-property taxes	373,636	-	-	-	-	373,636
Unavailable revenues-prepaid taxes	65,253	-	-	-	-	65,253
Unavailable revenues-intergovernmental revenues	35,427	108,564	75,605	-	309,628	529,224
Total deferred inflows of resources	<u>474,316</u>	<u>108,564</u>	<u>75,605</u>	<u>-</u>	<u>309,628</u>	<u>968,113</u>
FUND BALANCES						
Non-spendable						
Permanent fund principal	-	-	-	-	27,168	27,168
Restricted for						
Public safety	-	-	-	-	5,515	5,515
Impact fee eligible expenses	-	-	-	-	120,332	120,332
Recreation and parks	-	-	-	-	18,000	18,000
Community development	-	-	-	-	514,689	514,689
Debt service	-	-	-	-	219,305	219,305
Endowments - Expendable	-	-	-	-	8,427	8,427
Other	-	-	-	-	82,973	82,973
Assigned for						
General government	708,474	-	-	-	-	708,474
Public safety	393,464	-	-	-	-	393,464
Public works	1,094,515	-	-	-	52,001	1,146,516
Health and social services	16,513	-	-	-	-	16,513
Recreation and parks	64,302	-	-	655,147	48,621	768,070
Conservation and development	164,061	-	-	-	-	164,061
Cultural	44,751	-	-	-	220,000	264,751
Unassigned, reported in:						
General fund	1,121,894	-	-	-	-	1,121,894
Hurricane Irene capital project fund	-	(81,511)	-	-	-	(81,511)
Bridge St Underpass capital project fund	-	-	(75,605)	-	-	(75,605)
Special revenue funds	-	-	-	-	(33,485)	(33,485)
Capital projects funds	-	-	-	-	(383,489)	(383,489)
Total Fund Balances	<u>3,607,974</u>	<u>(81,511)</u>	<u>(75,605)</u>	<u>655,147</u>	<u>900,057</u>	<u>5,006,061</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,701,592</u>	<u>\$ 422,721</u>	<u>\$ 274,679</u>	<u>\$ 1,094,406</u>	<u>\$ 1,843,849</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.	\$ 31,702,958
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	427,072
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(8,628,367)
Net position of governmental activities	<u>\$ 28,507,724</u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Hurricane Irene Fund	Bridge Street Underpass Fund	Maxfield Sports Complex Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 10,354,782	\$ -	\$ -	\$ -	\$ -	\$ 10,354,782
Tax penalties and interest	185,738	-	-	-	-	185,738
Permits and licenses	17,665	-	-	-	-	17,665
Intergovernmental revenues	729,285	1,304,088	2,436,873	-	721,204	5,191,450
Charges for current services	1,352,954	-	-	-	-	1,352,954
Fines and forfeits	69,942	-	-	-	-	69,942
Impact fees	-	-	-	-	14,354	14,354
Interest	1,265	-	-	-	5,089	6,354
Other revenues	139,246	-	-	16,900	107,311	263,457
	<u>12,850,877</u>	<u>1,304,088</u>	<u>2,436,873</u>	<u>16,900</u>	<u>847,958</u>	<u>17,456,696</u>
Total Revenues						
EXPENDITURES						
Current expenditures						
General government						
Administration	792,116	259	-	-	34,541	826,916
Elections and vital statistics	158,417	-	-	-	-	158,417
Finance	336,474	-	-	-	-	336,474
Valuation	178,119	-	-	-	-	178,119
Board and commissions	5,992	-	-	-	-	5,992
Public safety						
Police	2,338,581	-	-	-	-	2,338,581
Fire and ambulance	2,523,601	-	-	-	-	2,523,601
Dispatch	647,765	-	-	-	-	647,765
Public works						
Highways	1,762,896	11	-	-	-	1,762,907
Public works administration	141,082	-	-	-	-	141,082
Health and social services	267,446	-	-	-	-	267,446
Recreation and parks						
Recreation administration	190,379	-	-	-	-	190,379
Recreation programs	314,407	-	-	-	13,281	327,688
Parks	216,171	930	-	25,652	20,234	262,987
Conservation and development						
Cultural	429,626	966,460	-	-	204,273	1,600,359
Debt service expenditures						
Principal	290,601	-	-	-	-	290,601
Interest	-	-	-	-	351,958	351,958
Capital expenditures						
General government						
Administration	-	-	-	-	410,448	526,930
Public safety						
Police	116,482	-	-	-	-	116,482
Fire and ambulance	136,900	-	-	-	137,515	274,415
Dispatch	146,875	-	-	-	-	146,875
Public works						
Highways	5,961	-	-	-	-	5,961
Recreation and parks	1,146,788	92,000	2,456,199	-	18,798	3,713,785
Parks	45,774	-	-	3,267,131	-	3,312,905
Conservation and development	-	307,347	-	-	70,409	377,756
Cultural	-	-	-	-	768,060	768,060
	<u>12,192,453</u>	<u>1,367,007</u>	<u>2,456,199</u>	<u>3,292,783</u>	<u>2,194,135</u>	<u>21,502,577</u>
Total Expenditures						
Excess (Deficiency) of Revenues Over (Under) Expenditures						
	658,424	(62,919)	(19,326)	(3,275,883)	(1,346,177)	(4,045,881)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,672,695	310,000	-	-	676,452	2,659,147
Transfers out	(3,026,570)	-	-	-	(217,911)	(3,244,481)
Proceeds from issuance of debt	-	-	-	3,100,000	555,000	3,655,000
Proceeds from sale of capital assets	17,772	-	-	-	-	17,772
	<u>1,336,103</u>	<u>310,000</u>	<u>-</u>	<u>3,100,000</u>	<u>1,013,541</u>	<u>3,087,438</u>
Total Other Financing Sources (Uses)						
Net Change in Fund Balances	(677,679)	247,081	(19,326)	(175,883)	(332,636)	(958,443)
Fund Balances - July 1, 2013	4,285,653	(328,592)	(56,279)	831,030	1,232,693	5,964,505
Fund Balances - June 30, 2014	<u>\$ 3,607,974</u>	<u>(\$ 81,511)</u>	<u>(\$ 75,605)</u>	<u>\$ 655,147</u>	<u>\$ 900,057</u>	<u>\$ 5,006,062</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, 2014**

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)	(\$ 958,443)
Governmental 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.	6,768,117
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	44,386
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.	(3,303,042)
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>(354,119)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 2,196,899</u></u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Major Funds				Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 804,708	\$ 2,000,354	\$ 4,125,585	\$ 2,146,461	\$ 9,077,108
Accounts receivable (net of allowance for uncollectible accounts)	24,009	242,229	536,858	82,788	885,884
Due from other governments	4,150	-	215,961	-	220,111
Total Current Assets	<u>832,867</u>	<u>2,242,583</u>	<u>4,878,404</u>	<u>2,229,249</u>	<u>10,183,103</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	285,977	480,159	73,798	1,218,492
Distribution and collection systems	-	11,175,549	12,355,408	-	23,530,957
Construction in progress	-	98,647	-	1,245,605	1,344,252
Less accumulated depreciation	(1,646,204)	(5,661,954)	(18,151,795)	(954,229)	(26,414,182)
Total Noncurrent Assets	<u>681,890</u>	<u>6,212,379</u>	<u>20,904,970</u>	<u>1,294,014</u>	<u>29,093,253</u>
Total Assets	<u>1,514,757</u>	<u>8,454,962</u>	<u>25,783,374</u>	<u>3,523,263</u>	<u>39,276,356</u>
LIABILITIES					
Current Liabilities					
Accounts payable	63,824	122,338	63,534	454,832	704,528
Accrued payroll and benefits payable	6,768	14,329	20,243	518	41,858
Accrued compensated absences payable	11,081	26,101	52,534	3,443	93,159
Accrued interest payable	-	4,637	108,642	10,393	123,672
Due to other governments	-	-	-	28,798	28,798
Accrued postclosure costs - current portion	23,000	-	-	-	23,000
Other post employment benefits - current portion	-	-	-	-	-
Bonds and notes payable - current portion	-	141,355	646,918	125,000	913,273
Total Current Liabilities	<u>104,673</u>	<u>308,760</u>	<u>891,871</u>	<u>622,984</u>	<u>1,928,288</u>
Noncurrent Liabilities					
Accrued postclosure costs	322,000	-	-	-	322,000
Other post employment benefits	96,335	137,909	297,322	-	531,566
Bonds and notes payable	-	1,696,882	12,600,196	2,375,000	16,672,078
Total Noncurrent Liabilities	<u>418,335</u>	<u>1,834,791</u>	<u>12,897,518</u>	<u>2,375,000</u>	<u>17,525,644</u>
Total Liabilities	<u>523,008</u>	<u>2,143,551</u>	<u>13,789,389</u>	<u>2,997,984</u>	<u>19,453,932</u>
NET POSITION					
Net investment in capital assets	681,891	4,369,503	7,632,850	61,575	12,745,819
Restricted					
Impact fee eligible expenses	-	172,736	854,860	-	1,027,596
Unrestricted	309,858	1,769,172	3,506,275	463,704	6,049,009
Total Net Position	<u>\$ 991,749</u>	<u>\$ 6,311,411</u>	<u>\$ 11,993,985</u>	<u>\$ 525,279</u>	<u>\$ 19,822,424</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, 2014

	Major Funds				Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
OPERATING REVENUES					
Charges for services	\$ 611,497	\$ 1,339,911	\$ 2,673,616	\$ 187,339	\$ 4,812,363
Rents and other income	12,172	13,131	30,259	871	56,433
Total Operating Revenues	<u>623,669</u>	<u>1,353,042</u>	<u>2,703,875</u>	<u>188,210</u>	<u>4,868,796</u>
OPERATING EXPENSES					
Personnel services	329,611	550,510	918,946	89,092	1,888,159
Administration expenses	5,653	23,811	25,385	-	54,849
Utilities	19,056	104,479	257,483	55,047	436,065
Contract services	409,336	17,472	149,262	7,790	583,860
Postclosure care costs	(4,415)	-	-	-	(4,415)
Franchise tax	6,945	-	-	-	6,945
Waste generation fee	5,945	-	-	-	5,945
Equipment operation	9,334	15,454	39,396	5,879	70,063
Repairs and maintenance	16,221	65,230	56,303	-	137,754
Materials and supplies	7,024	47,090	80,153	3,636	137,903
Insurance expense	8,532	12,962	36,389	9,400	67,283
Small equipment	191	9,517	6,145	-	15,853
Books and periodicals	-	11	-	-	11
Depreciation	72,774	373,274	1,448,402	14,685	1,909,135
Total Operating Expenses	<u>886,207</u>	<u>1,219,810</u>	<u>3,017,864</u>	<u>185,529</u>	<u>5,309,410</u>
Operating Income (Loss)	<u>(262,538)</u>	<u>133,232</u>	<u>(313,989)</u>	<u>2,681</u>	<u>(440,614)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	4,509	-	107,981	-	112,490
Interest revenue	58	122	254	8	442
Interest/admin fee expense	-	(59,670)	(279,490)	(80,334)	(419,494)
Total Nonoperating Revenues (Expenses)	<u>4,567</u>	<u>(59,548)</u>	<u>(171,255)</u>	<u>(80,326)</u>	<u>(306,562)</u>
Income (Loss) Before Transfers	<u>(257,971)</u>	<u>73,684</u>	<u>(485,244)</u>	<u>(77,645)</u>	<u>(747,176)</u>
TRANSFERS					
Transfers in	168,585	729,892	1,013,112	464,500	2,376,089
Transfers out	(18,585)	(729,892)	(1,013,112)	(29,166)	(1,790,755)
Total Transfers	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>435,334</u>	<u>585,334</u>
Change in Net Position	<u>(107,971)</u>	<u>73,684</u>	<u>(485,244)</u>	<u>357,689</u>	<u>(161,842)</u>
Total Net Position - July 1, 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>
Total Net Position - June 30, 2014	<u>\$ 991,749</u>	<u>\$ 6,311,411</u>	<u>\$ 11,993,985</u>	<u>\$ 525,279</u>	<u>\$ 19,822,424</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, 2014

	Major Funds				Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Outdoor Facilities Fund	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 632,713	\$ 1,352,391	\$ 2,696,376	\$ 188,210	\$ 4,869,690
Cash paid to employees	(321,495)	(534,270)	(881,925)	(89,248)	(1,826,938)
Cash paid to suppliers	(504,735)	(192,330)	(698,059)	(82,353)	(1,477,477)
Net cash provided (used) by operating activities	<u>(193,517)</u>	<u>625,791</u>	<u>1,116,392</u>	<u>16,609</u>	<u>1,565,275</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due to other governments	-	(144,916)	(123,447)	(53,990)	(322,353)
Transfers from other funds	150,000	-	-	435,334	585,334
Net cash provided (used) by noncapital financing activities	<u>150,000</u>	<u>(144,916)</u>	<u>(123,447)</u>	<u>381,344</u>	<u>262,981</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Subsidies from government grants	5,573	3,398	-	-	8,971
Proceeds from issuance of debt	-	-	160,302	2,500,000	2,660,302
Principal payments - bonds and notes	-	(137,675)	(635,705)	-	(773,380)
Interest/admin fee paid	-	(60,036)	(284,448)	(69,941)	(414,425)
Purchase of capital assets	-	(172,177)	(209,306)	(786,821)	(1,168,304)
Net cash provided (used) by capital and related financing activities	<u>5,573</u>	<u>(366,490)</u>	<u>(969,157)</u>	<u>1,643,238</u>	<u>313,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	58	122	254	8	442
Net cash provided (used) by investing activities	<u>58</u>	<u>122</u>	<u>254</u>	<u>8</u>	<u>442</u>
Net increase (decrease) in cash and equivalents	(37,886)	114,507	24,042	2,041,199	2,141,862
Cash and equivalents - July 1, 2013	<u>842,594</u>	<u>1,885,847</u>	<u>4,101,543</u>	<u>105,262</u>	<u>6,935,246</u>
Cash and equivalents - June 30, 2014	<u>804,708</u>	<u>2,000,354</u>	<u>4,125,585</u>	<u>2,146,461</u>	<u>9,077,108</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	(262,538)	133,232	(313,989)	2,681	(440,614)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	72,774	373,274	1,448,402	14,685	1,909,135
(Increase) decrease in accounts receivable	9,043	(651)	(7,499)	-	893
Increase (decrease) in accounts payable	2,087	103,696	(47,543)	(601)	57,639
Increase (decrease) in accrued expenses	(14,883)	16,240	37,021	(156)	38,222
Total adjustments	<u>69,021</u>	<u>492,559</u>	<u>1,430,381</u>	<u>13,928</u>	<u>2,005,889</u>
Net cash provided (used) by operating activities	<u>(\$ 193,517)</u>	<u>\$ 625,791</u>	<u>\$ 1,116,392</u>	<u>\$ 16,609</u>	<u>\$ 1,565,275</u>

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

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014

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.

Bridge Street Underpass Fund. This is a capital project fund used to track construction of a new railroad tracks underpass(including sidewalks) at the intersection of Bridge Street and Railroad Row near the White River Junction downtown area. The project is 100% state and federal grant funded. Major construction was completed and the underpass was opened for use during the Fall of 2014.

Maxfield Sports Complex Fund. This capital project fund is used to track the design, development, and construction of a sports complex on land donated to the Town located off from Route 5/N. Hartland Road. When complete, the sports complex will include several fields which can be used for soccer, baseball, lacrosse and other sports. Basketball and tennis courts will also be included. The fields will be used by Hartford School District sports teams and also other teams through the Town's Parks & Recreation department. Construction of this project has been funded by the sale of a portion of the donated land, \$3.5 million in bonds proceeds, and other miscellaneous sources, such as donations.

The Town reports on the following major enterprise funds:

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

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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

B. Basis of Presentation (continued)

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 Combined Sewer Overflow (CSO) Project Fund, the DPW Garage Fund, the Quechee Bridge Fund, W. Hartford Library Fund, Municipal Building Renovation Fund, and two new funds; the Pump House & Children's Pool Fund and the Prospect Street TIF District Fund.

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

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

The Town has no non-major enterprise funds or 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, 2014

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 position) 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 position.

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 position) 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 position. 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 – Financial Reporting for Pension Plans

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27, effective for fiscal years beginning after June 15, 2014. This new accounting and reporting standard may impact the Town’s measurement and recognition of pension liabilities, deferred outflows or resources, deferred inflows of resources, and expenses/expenditures in government-wide and/or enterprise fund financial statements. The requirements of this statement may require restating of beginning net position. The Town is currently not planning to early implement this Statement, and has made no estimation of the effect this Statement will have in the financial statements.

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.

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

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, 2014, taxes became due and payable on August 9, 2013, and February 7, 2014. 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, 2014, delinquent taxes receivable were \$533,388, net of a \$80,000 allowance for uncollectible taxes.

The tax rate for 2014 was as follows:

	<u>Homestead</u>	<u>Non-residential</u>
Homestead education tax	\$ 1.3803	\$ -
Non-residential education tax	-	1.4531
Town general fund appropriations	0.7707	0.7707
Town restricted appropriations	0.0113	0.0113
Windsor County tax	0.0034	0.0034
Local agreement tax	<u>0.0019</u>	<u>0.0019</u>
 Total	 <u>\$ 2.1676</u>	 <u>\$ 2.2404</u>

The first installment of property taxes for the budget period from July 1, 2014, to June 30, 2015 is due and payable on August 15, 2014 and February 6, 2015. As of June 30, 2014, the Town had collected \$65,253 of those taxes. This amount is shown as unavailable revenue at June 30, 2014, and will be recorded as revenue in August, 2014.

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.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

G. Assets, Liabilities and Equity(continued)

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.

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. Fifteen years remain of the Town's obligation under the statutes. The Town's engineers estimated this liability at \$345,000. This liability has been recorded as an accrued expense as of June 30, 2014. A total of \$479,565 has been set aside to pay this accrued liability. The amounts are based on what it would cost to perform all postclosure care now. Actual costs may vary due to changes in the cost of living, changes in technology, changes in regulations, or variances between estimated and actual amounts.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

G. Assets, Liabilities and Equity(continued)

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.

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, 2014 of \$6,768,116 can be broken down as follows: Capital outlays for the year were \$9,126,687 and depreciation was \$2,349,223 resulting in capital outlays exceeding depreciation by \$6,777,464. Proceeds from the sale of capital assets were \$17,772 and the gain from sale of capital assets was \$8,424 resulting in proceeds from the sale of capital assets exceeding the gain from sale of capital assets by \$9,348.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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.

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 Position Total
ASSETS						
Cash and cash equivalents	\$ 5,086,203	\$ -	\$ -	\$ -	\$ -	\$ 5,086,203
Investments	15,857	-	-	-	-	15,857
Receivables						
Taxes receivable	533,388	(80,000)	-	-	-	453,388
Accounts receivable	79,195	-	-	-	-	79,195
Notes receivable	87,695	-	-	-	-	87,695
Deposit receivable	8,917	-	-	-	-	8,917
Due from other governments	1,211,319	-	-	-	-	1,211,319
Due from other funds	1,095,368	-	-	-	(1,095,368)	-
Restricted assets						
Cash and equivalents	219,305	-	-	-	-	219,305
Capital assets	-	-	31,702,958	-	-	31,702,958
Total Assets	8,337,247	(80,000)	31,702,958	-	(1,095,368)	38,864,837
LIABILITIES						
Accounts payable	1,013,915	-	-	-	-	1,013,915
Accrued payroll and benefits payable	204,991	-	-	-	-	204,991
Accrued compensated absences payable	-	375,785	-	-	-	375,785
Accrued interest payable	-	20,003	-	-	-	20,003
Due to other funds	1,095,368	-	-	-	(1,095,368)	-
Due to other governments	43,101	-	-	-	-	43,101
Unearned revenue	5,698	-	-	-	-	5,698
Noncurrent liabilities	-	-	-	8,628,367	-	8,628,367
Total Liabilities	2,363,073	395,788	-	8,628,367	(1,095,368)	10,291,860
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues-property taxes	373,636	(373,636)	-	-	-	-
Unavailable revenues-prepaid taxes	65,253	-	-	-	-	65,253
Unavailable revenues-intergovt revenues	529,224	(529,224)	-	-	-	-
Total Deferred Inflows of Resources	968,113	(902,860)	-	-	-	65,253
NET POSITION						
Net investment in capital assets	-	-	31,702,958	(6,233,935)	-	25,469,023
Other	5,006,061	427,072	-	(2,394,432)	-	3,038,701
Total Net Position	\$ 5,006,061	\$ 427,072	\$ 31,702,958	(\$ 8,628,367)	\$ -	\$ 28,507,724

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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	\$ 10,354,782	\$ 238,439	\$ -	\$ -	\$ 10,593,221
Tax penalties and interest	185,738				185,738
Permits and licenses	17,665				17,665
Intergovernmental revenues	5,191,450	(192,752)			4,998,698
Charges for current services	1,352,954	(1,301)			1,351,653
Fines and forfeits	69,942				69,942
Impact fees	14,354				14,354
Interest	6,354				6,354
Other revenues	263,457				263,457
Other sources:					
Proceeds from sale of assets	17,772		(9,348)		8,424
Proceeds from issuance of debt	3,655,000	-	-	(3,655,000)	-
Total Revenues	<u>21,129,468</u>	<u>44,386</u>	<u>(9,348)</u>	<u>(3,655,000)</u>	<u>17,509,506</u>
EXPENDITURES					
Current					
General government					
Administration	826,916	7,756	32,088		866,760
Elections and vital statistics	158,417	9,677	2,551		170,645
Finance	336,474	(17,045)			319,429
Valuation	178,119	10,863			188,982
Board and commissions	5,992				5,992
Public safety					
Police	2,338,581	67,107	127,799		2,533,487
Fire and ambulance	2,523,601	97,472	317,114		2,938,187
Dispatch	647,765	40,882	28,459		717,106
Public works					
Highways	1,762,907	72,682	1,781,434		3,617,023
Public works administration	141,082	(9,451)	1,744		133,375
Health and social services	267,446		4,574		272,020
Recreation and parks					
Recreation administration	190,379	10,419			200,798
Recreation programs	327,688	13,131	840		341,659
Parks	262,987	4,569	51,652		319,208
Conservation and development					
Cultural	1,600,359	31,499			1,631,858
Capital improvements	290,601		968		291,569
Debt service	9,126,687		(9,126,687)		-
Other uses:					
Principal	351,958			(351,958)	-
Interest	164,618	14,558			179,176
Transfers to other funds	585,334	-	-	-	585,334
Total Expenditures	<u>22,087,911</u>	<u>354,119</u>	<u>(6,777,464)</u>	<u>(351,958)</u>	<u>15,312,607</u>
Net change for the year	<u>(\$ 958,443)</u>	<u>(\$ 309,733)</u>	<u>\$ 6,768,116</u>	<u>(\$ 3,303,042)</u>	<u>\$ 2,196,899</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, expenditures were under budget by \$352,454. This overture was the result of capital expenditure budgeted within the Fire & Ambulance and Recreation & Parks Departments which were planned but not completed due to time constraints.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash

At year end, the Town's carrying amount of deposits was \$14,382,615, and the bank balance was \$14,406,191. Of the bank balance, \$269,831, was covered by federal depository insurance. Of the remaining balance, \$10,940,905 was collateralized with securities held by the financial institution's agent in the Town's name, \$3,195,455 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, 2014, consisted of 364.688 shares of Fidelity's Puritan Fund and 67.625 shares of Fidelity's Value Fund, which together had a cost basis of \$10,143 and a fair value of \$15,857. Unrealized gains and losses, which are included in revenue, resulted in an increase in value of \$2,309 for the year ended June 30, 2014.

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, 2014

IV. DETAILED NOTES ON ALL FUNDS(continued)

C. Accounts receivable(continued)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Ambulance accounts receivable (net of allowance of \$804,365)	\$ 34,743	\$ -	\$ 34,743
Miscellaneous receivables (net of allowance of \$0 [general] and \$0 [enterprise])	13,565	12,182	25,747
Impact fees receivable	30,707	15,365	46,072
Accrued interest receivable	180	-	180
Due from school district	-	82,788	82,788
User charges receivable (net of allowance of \$29,500)			
-Billed	-	408,735	408,735
-Unbilled	-	366,814	366,814
	<u>\$ 79,195</u>	<u>\$ 885,884</u>	<u>\$ 965,079</u>

D. Notes Receivable

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

Notes receivable - various revolving loans, six loans outstanding, interest at 1.0% for two of them and 5.25% for the other four, various due dates, secured by business assets and personal guarantees. Of the six loans, three were in arrears at June 30, 2014	\$ 99,215
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	739,215
Allowance for doubtful loan balances	<u>(651,520)</u>
Net Notes Receivable	<u>\$ 87,695</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS(continued)

E. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated:				
Land	\$ 883,876	\$ 223,900	\$ -	\$ 1,107,776
Construction in progress	2,431,673	6,978,694	-	9,410,367
Total capital assets not being depreciated	<u>3,315,549</u>	<u>7,202,594</u>	<u>-</u>	<u>10,518,143</u>
Capital assets, being depreciated:				
Land improvements	825,147	83,447	-	908,594
Buildings and building improvements	4,966,266	6,820	-	4,973,086
Vehicles and equipment	7,177,085	717,915	(230,252)	7,664,748
Roads, bridges and sidewalks	30,024,443	1,150,195	-	31,174,638
Total capital assets being depreciated	<u>42,992,941</u>	<u>1,958,377</u>	<u>(230,252)</u>	<u>44,721,066</u>
Total Governmental Capital Assets	<u>46,308,490</u>	<u>9,160,971</u>	<u>(230,252)</u>	<u>55,239,209</u>
Less accumulated depreciation for:				
Land improvements	234,328	29,849	-	264,177
Buildings and building improvements	2,737,803	145,871	-	2,883,674
Vehicles and equipment	4,344,819	678,650	(186,578)	4,836,891
Roads, bridges and sidewalks	14,056,656	1,494,853	-	15,551,509
Total capital assets, accumulated depreciation	<u>21,373,606</u>	<u>2,349,223</u>	<u>(186,578)</u>	<u>23,536,251</u>
Total Governmental Capital Assets, Net	<u>24,934,884</u>	<u>6,811,748</u>	<u>(43,674)</u>	<u>31,702,958</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated:				
Land	424,307	-	-	424,307
Construction in progress	86,636	1,340,253	(82,636)	1,344,253
Total capital assets not being depreciated	<u>510,943</u>	<u>1,340,253</u>	<u>(82,636)</u>	<u>1,768,560</u>
Capital assets, being depreciated:				
Land improvements	147,002	-	-	147,002
Buildings and building improvements	28,842,425	-	-	28,842,425
Vehicles and equipment	1,182,551	78,600	(42,660)	1,218,491
Distribution and collection systems	23,244,115	286,842	-	23,530,957
Total capital assets being depreciated	<u>53,416,093</u>	<u>365,442</u>	<u>(42,660)</u>	<u>53,738,875</u>
Total Business-Type Capital Assets	<u>53,927,036</u>	<u>1,705,695</u>	<u>(125,296)</u>	<u>55,507,435</u>
Less accumulated depreciation for:				
Land improvements	56,125	7,350	-	63,475
Buildings and building improvements	12,038,289	1,144,644	-	13,182,933
Vehicles and equipment	878,880	63,835	(42,660)	900,055
Distribution and collection systems	11,574,411	693,308	-	12,267,719
Total capital assets, accumulated depreciation	<u>24,547,705</u>	<u>1,909,137</u>	<u>(42,660)</u>	<u>26,414,182</u>
Total Business-Type Capital Assets, Net	<u>\$ 29,379,331</u>	<u>(\$ 203,442)</u>	<u>(\$ 82,636)</u>	<u>\$ 29,093,253</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS(continued)

E. Capital Assets (continued)

Depreciation was charged to programs as follows:

GOVERNMENTAL ACTIVITIES	
General government	
Administration	\$ 32,088
Election and vital statistics	2,551
Public safety	
Police	127,799
Fire and ambulance	317,114
Dispatch	28,459
Public works	
Highways	1,781,434
Public works administration	1,744
Health and social services	4,574
Recreation and parks	
Recreation programs	840
Parks	51,652
Cultural	968
	<hr/>
Total depreciation expense	<u><u>\$ 2,349,223</u></u>

F. Accrued Compensated Absences

Changes in accrued compensated absences during the year were as follows

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 340,281	\$ 90,226	\$ 430,507
Additions	330,173	92,649	422,822
Reductions	(294,666)	(89,716)	(384,382)
Ending Balance	<u>375,788</u>	<u>93,159</u>	<u>468,947</u>
Due Within One Year	<u><u>\$ 375,788</u></u>	<u><u>\$ 93,159</u></u>	<u><u>\$ 468,947</u></u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, 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	\$ 392,709
	Bridge Street Underpass Fund	Short-term loan to cover period before grant reimbursement	\$ 171,677
	Non-Major Governmental Funds	Short-term loan to cover period before grant reimbursement.	411,268
	Non-Major Governmental Funds	Expense reimbursements due from Non-Major Governmental Funds	2,131
	General Fund - Assigned	Expense reimbursements due from Reserve Accounts	105,883
General Fund - Assigned	General Fund - Unassigned	Reserve Account contributions for FY13-14	11,700
TOTAL GOVERNMENTAL FUNDS DUE TO & DUE FROM			<u>\$ 1,095,368</u>

Interfund transfers for the year ended June 30, 2014, 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	\$ 509,910
	General Fund - Assigned	Assignment to 14-15 budget	200,000
	General Fund - Assigned	New encumbrances	58,149
	Outdoor Facilities Fund - Undesignated	Arena renovation debt service	80,334
	Outdoor Facilities Fund - Designated	Fund municipal arena renovation project	355,000
	Solid Waste Fund - Undesignated	Fund curbside recycling program	75,000
	Non-Major Governmental Funds	Small transfers to close out non-major funds	1
	Debt Service Fund	Bond payments and bond reserve fund	516,574
General Fund - Assigned	General Fund - Unassigned	Reimbursement from capital reserves	411,725
	General Fund - Unassigned	Release of assignment to fund 13-14 budget	275,000
	Solid Waste Fund - Undesignated	Fund curbside recycling program	75,000
	Municipal Building Renov. Capital Project Fund	Transfer funds already assigned to MB Renovation	159,876
	Hurricane Irene Fund	Transfer funds already assigned to hurricane restoration	310,000
Non-Major Governmental Funds	Small transfers to close out reserve funds	1	
Total General Fund			<u>\$ 3,026,570</u>
Nonmajor Governmental Funds	General Fund - Unassigned	Reimbursement from fire/ems impact fee fund	\$ 17,434
	General Fund - Unassigned	Reimbursement from police asset forfeiture fund	28,190
	General Fund - Unassigned	Fund payment of debt service on VMBB 2013 Series I Bond	172,194
	General Fund - Unassigned	Permanent fund earnings transfer	93
Total Non-Major Governmental Funds			<u>\$ 217,911</u>
Outdoor Facilities Fund - Undesignated	Outdoor Facilities Fund - Designated	Addition to capital reserve	20,000
	Outdoor Facilities Fund - Invest. in Cap Ass	Changes in invested in capital assets	9,166
Total Outdoor Facilities Fund			<u>\$ 29,166</u>
Solid Waste Fund - Designated	Solid Waste Fund - Undesignated	Reimbursement from closure reserve	\$ 18,585
Total Solid Waste Fund			<u>\$ 18,585</u>
Central Water Fund - Undesignated	Central Water Fund - Designated	Addition to capital reserve	\$ 200,000
	Central Water Fund - Invest. in Capital Assets	Changes in invested in capital assets	386,195
Total Central Water Fund			<u>\$ 586,195</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS(continued)

G. Interfund Balances and Activity (continued)

CONTINUED...

Quechee Water Fund - Undesignated	Quechee Water Fund - Designated	Addition to capital reserve	\$ 75,000
	Quechee Water Fund - Invest. in Capital Assets	Changes in invested in capital assets	<u>68,697</u>
Total Quechee Water Fund			<u>\$ 143,697</u>
Central Wastewater Fund - Undesignated	Central Wastewater Fund - Designated	Addition to capital reserve	\$ 150,000
Central Wastewater Fund - Invest. in Cap	Central Wastewater Fund - Undesignated	Changes in invested in capital assets	<u>477,372</u>
Total Central Wastewater Fund			<u>\$ 627,372</u>
Quechee Wastewater Fund - Undesignatec	Quechee Wastewater Fund - Designated	Addition to capital reserve	\$ 50,000
Quechee Wastewater Fund - Invest. in Cap	Quechee Wastewater Fund - Undesignated	Changes in invested in capital assets	<u>335,740</u>
Total Quechee Wastewater Fund			<u>\$ 385,740</u>

H. Deferred Inflows of Resources

Deferred inflows of resources in the General Fund consists of \$373,636 of delinquent property taxes, penalties and interest on those taxes and \$35,427 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 \$65,253 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$474,316.

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, 2014

IV. DETAILED NOTES ON ALL FUNDS(continued)

I. Long-term Liabilities (continued)

General obligation bonds and revolving loans outstanding at June 30, 2014, are as follows:

BONDS AND NOTES PAYABLE		
Purpose	Interest/Admin Rates	Amount
<u>Governmental Activities - Bonds</u>		
DPW Building	1.87% - 4.73%	\$ 630,000
Quechee Covered Bridge Bond	1.10% - 3.91%	1,078,464
Maxfield Sports Complex Bond	0.44% - 4.64%	3,100,000
West Hartford Library Fund	0.44% - 4.64%	415,000
Pump House/Pool Bond	0.44% - 4.64%	140,000
<u>Governmental Activities - Revolving Loans</u>		
Combined Sewer Overflow - #2	0.00%	<u>636,552</u>
Total General Long-term Debt		<u>6,000,016</u>
<u>Business-type Activities - Bonds</u>		
2013 Barwood Arena Renovation Bond	0.44% - 4.64%	\$ 2,500,000
2001 Quechee Water Bond	2.8% - 4.98%	45,000
2001 Quechee Wastewater Bond	2.8% - 4.98%	225,000
<u>Business-type Activities - Revolving Loans</u>		
2004 Wilder Well Loan	1.00%	1,793,237
2012 ARI-006 Clean Water Loan(Fund 60 Portion)	2.00%	250,899
2012 ARI-006 Clean Water Loan(Fund 65 Portion)	2.00%	360,733
2013 Hartford W/W Treatment Facility Loan	2.00%	7,277,421
2013 Quechee W/W Treatment Facility Loan	2.00%	<u>5,133,062</u>
Total Enterprise Funds		<u>17,585,352</u>
TOTAL BONDS AND NOTES PAYABLE		<u>\$ 23,585,368</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	\$ 1,870,225	\$ 3,655,000	\$ 161,761	\$ 5,363,464	\$ 344,511
Revolving loans payable	826,748	-	190,196	636,552	74,935
Other postemployment benefits	<u>2,324,333</u>	<u>443,514</u>	<u>139,496</u>	<u>2,628,351</u>	<u>-</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 5,021,306</u>	<u>\$ 4,098,514</u>	<u>\$ 491,453</u>	<u>\$ 8,628,367</u>	<u>\$ 419,446</u>
Business-type Activities					
Bonds payable	\$ 360,000	\$ 2,500,000	\$ 90,000	\$ 2,770,000	\$ 215,000
Revolving loans payable	15,338,429	160,302	683,380	14,815,351	698,273
Other postemployment benefits	466,539	100,591	35,564	531,566	-
Postclosure care costs	<u>368,000</u>	<u>-</u>	<u>23,000</u>	<u>345,000</u>	<u>23,000</u>
Total Business-type Activities Long-term Liabilities	<u>\$ 16,532,968</u>	<u>\$ 2,760,893</u>	<u>\$ 831,944</u>	<u>\$ 18,461,917</u>	<u>\$ 936,273</u>

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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, 2014, 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>
2015	\$ 419,446	\$ 176,846	\$ 913,273	\$ 408,452
2016	419,446	168,080	928,502	387,613
2017	419,446	159,909	944,073	365,880
2018	756,259	150,967	869,995	345,531
2019	344,511	141,090	886,276	326,589
2020-2024	1,302,556	569,957	4,688,739	1,321,790
2025-2029	1,197,556	353,456	4,597,786	757,242
2030-2034	1,140,796	122,554	3,756,707	228,801
Total	<u>\$ 6,000,016</u>	<u>\$ 1,842,859</u>	<u>\$ 17,585,351</u>	<u>\$ 4,141,898</u>

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

<p>TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014</p>

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	
Quechee Gorge Visitor Center - restricted by grant agreement	\$ 43,428
Watershed Grant Fund - restricted by grant agreement	1,853
Revolving Loan Fund - restricted by grant agreement	361,564
Rehabilitation Loan Funds - restricted by grant agreement	107,844
Police Drug Foreiture Fund - restricted by statute	2,116
Police Youth Safety Fair - restricted by donor agreement	3,399
Engine 494 Fund - restricted by donor agreement	7,618
Dog Park Fund - restricted by donor agreement	8,076
Glory Days Fund - restricted by donor agreement	160
Trees Matter Fund - restricted by donor agreement	2,146
Fire/EMS Impact Fee Fund - restricted by statute	45,043
Recreation Impact Fee Fund - restricted by statute	72,125
Library Impact Fee Fund - restricted by statute	<u>3,164</u>
Total Special Revenue Funds	<u>658,536</u>
Capital Projects Fund	
CSO Fund - restricted by bond agreement	<u>82,973</u>
Total Capital Projects Fund	<u>82,973</u>
Debt Service Fund	
CSO Bond Reserve Fund - restricted by bond agreement	<u>219,305</u>
Total Debt Service Fund	<u>219,305</u>
Permanent Fund	
Town Trust Funds - restricted by Trust agreement	<u>35,595</u>
Total Permanent Fund	<u>35,595</u>
TOTAL GOVERNMENTAL RESTRICTED NET POSITION	<u>\$ 996,409</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 FUND BALANCE	<u>\$ 27,168</u>

BUSINESS-TYPE ACTIVITIES

Central Water Impact Fee Fund - restricted by statute	\$ 116,869
Quechee Water Impact Fee Fund - restricted by statute	55,867
Central Wastewater Impact Fee Fund - restricted by statute	643,365
Quechee Wastewater Impact Fee Fund - restricted by statute	<u>211,495</u>
TOTAL BUSINESS-TYPE RESTRICTED NET POSITION	<u>\$ 1,027,596</u>

TOWN OF HARTFORD, VERMONT NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014
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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 record restoration	\$ 120,537
Assigned to town clerk digital imaging	42,554
Assigned Building Energy Improvements	13,000
Assigned to accounting software	6,124
Assigned to Revaluation	326,259
Assigned to Fire/EMS capital purchases	341,546
Assigned to communications center upgrade	43,290
Assigned to Highway equipment expenditures	199,332
Assigned to Highway bridges and culverts	464,627
Assigned to Highway capital expenditures	275,770
Assigned to street light maintenance reserve	9,553
Assigned to street light replacement reserve	23,704
Assigned to Senior Center renovations	16,513
Assigned to Recreation expenses	64,302
Assigned to Conservation and Development expenditures	92,942
Assigned to subsequent year expenditures	200,000
Assigned to police body cameras	8,628
Assigned to stret line painting	3,200
Assigned to street globes & lights	7,000
Assigned to sidewalks	96,330
Assigned to paving	15,000
Assigned to conversion of subdivision regulation	2,000
Assigned to town portion of conservation & development grants	10,000
Assigned to West Hartford Library	44,751
Assigned to WRJ revitalization	59,119
	2,486,081
Capital Projects Funds	
Maxfield Sports Complex Fund - assigned to design and construction of sports complex	655,147
DPW Garage Fund - assigned to capital expenditures	52,001
W. Hartford Library Fund - assigned to new library construction	48,621
Children's Pool & Pump House Fund - assigned to capital expenditure	220,000
	975,769

TOTAL GOVERNMENTAL FUNDS	
ASSIGNED FUND BALANCES	\$ 3,461,850

BUSINESS-TYPE ACTIVITIES

Outdoor Facilities Capital Reserve Fund - designated for capital expenditures	\$ 94,407
Outdoor Facilities Fund - designated for renovation of arena	355,000
Solid Waste Capital Reserve Fund - designated for capital expenditures	29,955
Solid Waste Closure Reserve Fund - designated for postclosure expenditures	110,366
Solid Waste Equipment Reserve Fund - designated for equipment purchases	51,805
Central Water Capital Reserve Fund - designated for capital expenditures	859,306
Quechee Water Capital Reserve Fund - designated for capital expenditures	431,584
Central Wastewater Capital Reserve Fund - designated for capital expenditures	1,013,041
Quechee Wastewater Capital Reserve Fund - designated for capital expenditures	800,320
	800,320

TOTAL BUSINESS-TYPE	
DESIGNATED NET POSITION	\$ 3,745,784

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

IV. DETAILED NOTES ON ALL FUNDS(continued)

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

The Hurricane Irene Fund, Bridge Street Underpass Fund, and certain individual grant funds within the Special Revenue Funds and Capital Project Funds have negative fund balances as of June 30, 2014. These fund balances are negative partially because expenditures have gone out but the grant reimbursement revenue was not received soon enough after June 30, 2014 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.

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 \$1,048 in unemployment claims during the fiscal year ended June 30, 2014.

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, 2014

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 4.625% of their gross salary and the Town contributes 5.125%; however, under the agreement between the Town and the Public Works Chapter, the Town actually contributes 7.125% and the employees contribute 2.625%.

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 9.375% of their gross salary and the Town contributes 6.625%; however, under the agreement between the Town and the Firefighters' Association, the Police Chapter, and the Public Works Chapter, the Town actually contributes 7.125% and the employees contribute 8.875%, and also for non-union employees, the Town actually contributes 8.125% and the employees contribute 7.875%.

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 \$4,107,038 and Town contributions for the year ended June 30, 2014 were \$305,533. Contributions for the years ended June 30, 2013 and June 30, 2012 were \$279,874 and \$240,767, 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 \$2,205,363. Town contributions for the year ended June 30, 2014 were \$176,429. Contributions for the years ended June 30, 2013 and June 30, 2012 were \$172,327 and \$170,906, 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, 2014

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.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Annual OPEB Cost	\$ 443,514	\$ 100,591	\$ 544,105
Contributions Made	<u>139,496</u>	<u>35,563</u>	<u>175,059</u>
Increase in Net OPEB Obligation	304,018	65,028	369,046
Net OPEB Obligation, Beginning of Year	<u>2,324,335</u>	<u>466,537</u>	<u>2,790,872</u>
Net OPEB Obligation, End of Year	<u>\$ 2,628,353</u>	<u>\$ 531,565</u>	<u>\$ 3,159,918</u>
Percentage of Annual OPEB Cost Contributed			<u>32.17%</u>

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, 2014
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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.

	Total FYE 6/30/13	Total FYE 6/30/12
Annual OPEB Cost	\$ 544,105	\$ 544,105
Contributions Made	183,443	132,211
Increase in Net OPEB Obligation	360,662	411,894
Net OPEB Obligation, Beginning of Year	2,430,210	2,018,316
Net OPEB Obligation, End of Year	\$ 2,790,872	\$ 2,430,210
Percentage of Annual OPEB Cost Contributed	33.71%	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, 2014 Town of Hartford employees continued work to repair the damage leftover from the Hurricane. All repair projects were completed or near completion by June 30, 2014. The Town is continuing to work with the Vermont Agency of Transportation and the Federal Emergency Management Agency to ensure grant reimbursement is received on all eligible projects.

I. Tax Increment Financing District

The Town Selectboard approved the establishment of a Tax Increment Financing (TIF) District on April 5, 2011 which was later approved by the Vermont Economic Progress Council (VEPC) on December 8, 2011. The district includes parcels between Prospect Street and the White River Junction downtown area, The Prospect Street TIF District creation date is considered to be April 1, 2011 and the TIF District activation date is the date of “execution of the financing” which was July 31, 2014.

The TIF District will allow the Town to undertake and pay for infrastructure improvements that will allow for increased economic and community development. The Town cannot incur any new TIF District debt until each project or group of projects is approved by VEPC and then by the voters. The Town voters approved the Prospect Street TIF District Project and the related bond for \$900,000 on March 4, 2014. TIF District debt will be paid by TIF revenue, however, is a general obligation of the Town if TIF District revenues are not sufficient. The Town has a signed agreement with the construction contractor guaranteeing that they will cover any costs to complete the project in excess of \$900,000.

With a TIF District, the value of properties within the District are frozen at the time the District is created. All property taxes generated by the original base continue to go to the municipal General Fund and the State Education Fund. For twenty (20) years from first debt incursion, the municipal and education property taxes generated by any “new” development are shared with 75% going to finance TIF District infrastructure debt and 25% going to the municipal General Fund and State Education Fund.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

J. Subsequent Events

On March 4, 2014, voters authorized the issuance of general obligation bonds in the amounts of \$4,900,000 for renovation of the existing Town Municipal Building located at 171 Bridge Street and \$900,000 for development within the Prospect Street TIF District.

Bonds for these two projects were approved by the Vermont Municipal Bond Bank in the amount of \$4,900,000 and \$900,000 during June 2014. Bond proceeds were distributed to the Town during July 2014. The Municipal Building Renovation Bond requires debt service between \$387 K and \$255 K for twenty years starting in November 2015. The Prospect Street TIF Bond requires debt service between \$71 K and \$47 K for twenty years also starting in November 2015.

TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND - UNASSIGNED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	\$ 10,545,177	\$ 10,354,782	(\$ 190,395)
Tax penalties and interest	175,000	185,738	10,738
Permits and licenses	17,430	17,665	235
Intergovernmental revenues	576,171	729,285	153,114
Charges for services	1,244,402	1,352,954	108,552
Fines and forfeits	10,500	69,942	59,442
Interest	4,500	1,082	(3,418)
Other revenues	<u>96,600</u>	<u>139,246</u>	<u>42,646</u>
Total Revenues	<u>12,669,780</u>	<u>12,850,694</u>	<u>180,914</u>
EXPENDITURES			
Current expenditures			
General government			
Administration	613,218	757,322	(144,104)
Elections and vital statistics	194,451	158,417	36,034
Finance	384,876	336,474	48,402
Valuation	177,659	178,119	(460)
Boards and commissions	4,250	5,992	(1,742)
Public safety			
Police	2,358,900	2,338,581	20,319
Fire and ambulance	2,761,469	2,523,601	237,868
Dispatch	576,096	647,765	(71,669)
Public works			
Highways	1,797,771	1,753,455	44,316
Public works administration	134,900	141,082	(6,182)
Health and social services	263,272	267,446	(4,174)
Recreation and parks			
Recreation administration	188,422	190,379	(1,957)
Recreation programs	294,077	314,407	(20,330)
Parks	212,353	216,171	(3,818)
Conservation and development	469,236	410,514	58,722
Cultural	300,822	290,601	10,221
Capital expenditures			
General government			
Administration	85,000	116,482	(31,482)
Public safety			
Police	65,000	131,054	(66,054)
Fire and ambulance	89,700	146,875	(57,175)
Dispatch	-	5,961	(5,961)
Public works			
Highways	1,243,100	1,146,788	96,312
Recreation and parks			
Recreation programs	5,500	-	5,500
Parks	215,000	30,132	184,868
Conservation and development	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>12,460,072</u>	<u>12,107,618</u>	<u>352,454</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	807,150	904,636	97,486
Transfers out	(1,021,858)	(1,794,968)	(773,110)
Proceeds from sale of capital assets	<u>5,000</u>	<u>17,772</u>	<u>12,772</u>
Total Other Financing Sources (Uses)	<u>(209,708)</u>	<u>(872,560)</u>	<u>(662,852)</u>
Net change in fund balance	<u>\$ -</u>	<u>(\$ 129,484)</u>	<u>(\$ 129,484)</u>
RECONCILIATION OF CHANGE IN FUND BALANCES - BUDGETARY BASIS			
TO CHANGE IN FUND BALANCES - GAAP BASIS			
Change in Fund Balances - Budgetary Basis		(\$ 129,484)	
Transfer to Assigned Fund Balance		768,059	
Transfer from Assigned Fund Balance		(1,231,602)	
Expenditures from Assigned Fund Balance		(84,835)	
Assigned Fund Balance Interest Income		<u>183</u>	
Change in Fund Balances - GAAP Basis		<u>(\$ 677,679)</u>	

See Accompanying Independent Auditors' Report

TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unassigned</u>	<u>Assigned</u>	<u>Total</u>
REVENUES			
Taxes	\$ 10,354,782	\$ -	\$ 10,354,782
Tax penalties and interest	185,738	-	185,738
Permits and licenses	17,665	-	17,665
Intergovernmental revenues	729,285	-	729,285
Charges for current services	1,352,954	-	1,352,954
Fines and forfeits	69,942	-	69,942
Interest	1,082	183	1,265
Other revenues	139,246	-	139,246
	<u>12,850,694</u>	<u>183</u>	<u>12,850,877</u>
Total Revenues			
EXPENDITURES			
Current expenditures			
General government			
Administration	757,322	34,794	792,116
Elections and vital statistics	158,417	-	158,417
Finance	336,474	-	336,474
Valuation	178,119	-	178,119
Boards and commissions	5,992	-	5,992
Public safety			
Police	2,338,581	-	2,338,581
Fire and ambulance	2,523,601	-	2,523,601
Dispatch	647,765	-	647,765
Public works			
Highways	1,753,455	9,441	1,762,896
Public works administration	141,082	-	141,082
Health and social services	267,446	-	267,446
Recreation and parks			
Recreation administration	190,379	-	190,379
Recreation programs	314,407	-	314,407
Parks	216,171	-	216,171
Conservation and development	410,514	19,112	429,626
Cultural	290,601	-	290,601
Capital expenditures			
General government			
Administration	116,482	-	116,482
Public safety			
Police	131,054	5,846	136,900
Fire	146,875	-	146,875
Dispatch	5,961	-	5,961
Public works			
Highways	1,146,788	-	1,146,788
Recreation and parks			
Parks	30,132	15,642	45,774
	<u>12,107,618</u>	<u>84,835</u>	<u>12,192,453</u>
Total Expenditures			
Excess (deficiency) of Revenues Over (Under)			
Expenditures	743,076	(84,652)	658,424
	<u>743,076</u>	<u>(84,652)</u>	<u>658,424</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	904,636	768,059	1,672,695
Transfers out	(1,794,968)	(1,231,602)	(3,026,570)
Proceeds from sale of capital assets	17,772	-	17,772
	<u>17,772</u>	<u>-</u>	<u>17,772</u>
Total Other Financing Sources (Uses)	(872,560)	(463,543)	(1,336,103)
Net Change in Fund Balances	(129,484)	(548,195)	(677,679)
Fund Balances - July 1, 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>
Fund Balances - June 30, 2014	\$ 1,121,894	\$ 2,486,080	\$ 3,607,974
	<u>\$ 1,121,894</u>	<u>\$ 2,486,080</u>	<u>\$ 3,607,974</u>

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TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and equivalents	\$ 585,093	\$ 466,333	\$ -	\$ 19,831	\$ 1,071,257
Investments	-	-	-	15,857	15,857
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	30,887	-	-	-	30,887
Notes receivable	87,695	-	-	-	87,695
Deposit receivable	-	8,917	-	-	8,917
Due from other governments	131,285	278,646	-	-	409,931
Restricted assets:					
Cash and equivalents	-	-	219,305	-	219,305
Total Assets	834,960	753,896	219,305	35,688	1,843,849
LIABILITIES					
Accounts payable	20,433	154,984	-	-	175,417
Due to other governments	43,101	-	-	-	43,101
Due to other funds	113,145	300,160	-	93	413,399
Unearned revenue	-	2,248	-	-	2,248
Total Liabilities	176,679	457,392	-	93	634,165
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues-intergovernmental revenues	33,230	276,398	-	-	309,628
Total deferred inflows of resources	33,230	276,398	-	-	309,628
FUND BALANCES					
Non-spendable					
Permanent fund principal	-	-	-	27,168	27,168
Restricted for					
Public safety	5,515	-	-	-	5,515
Impact fees	120,332	-	-	-	120,332
Recreation and parks	18,000	-	-	-	18,000
Community development	514,689	-	-	-	514,689
Debt service	-	-	219,305	-	219,305
Endowments - Expendable	-	-	-	8,427	8,427
Other	-	82,973	-	-	82,973
Assigned to					
Recreation and parks	-	48,621	-	-	48,621
Public works	-	52,001	-	-	52,001
Cultural	-	220,000	-	-	220,000
Unassigned	(33,485)	(383,489)	-	-	(416,974)
Total Fund Balances	625,051	20,106	219,305	35,595	900,057
Total liabilities, deferred inflows of resources, and fund balances	\$ 834,960	\$ 753,896	\$ 219,305	\$ 35,688	\$ 1,843,849

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TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Fund	Total Non-major Governmental Funds
REVENUES					
Intergovernmental revenues	\$ 546,204	\$ 175,000	\$ -	\$ -	\$ 721,204
Impact fees	14,354	-	-	-	14,354
Interest	4,986	13	38	52	5,089
Other revenues	<u>17,424</u>	<u>86,770</u>	<u>-</u>	<u>3,117</u>	<u>107,311</u>
Total Revenues	<u>582,968</u>	<u>261,783</u>	<u>38</u>	<u>3,169</u>	<u>847,958</u>
EXPENDITURES					
Current expenditures					
General government					
Administration	-	34,541	-	-	34,541
Recreation and parks					
Recreation programs	13,281	-	-	-	13,281
Parks	20,234	-	-	-	20,234
Conservation and development	204,273	-	-	-	204,273
Debt service expenditures					
Principal	-	-	351,958	-	351,958
Interest	-	-	164,618	-	164,618
Capital expenditures					
General government					
Administration	-	410,448	-	-	410,448
Public safety					
Police	137,515	-	-	-	137,515
Public works					
Highways	-	18,798	-	-	18,798
Conservation and development	70,409	-	-	-	70,409
Cultural	<u>-</u>	<u>768,060</u>	<u>-</u>	<u>-</u>	<u>768,060</u>
Total Expenditures	<u>445,712</u>	<u>1,231,847</u>	<u>516,576</u>	<u>-</u>	<u>2,194,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>137,256</u>	<u>(970,064)</u>	<u>(516,538)</u>	<u>3,169</u>	<u>(1,346,177)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1	159,876	516,575	-	676,452
Transfers out	(45,624)	-	(172,194)	(93)	(217,911)
Proceeds from bond issuance	<u>-</u>	<u>555,000</u>	<u>-</u>	<u>-</u>	<u>555,000</u>
Total Other Financing Sources (Uses)	<u>(45,623)</u>	<u>714,876</u>	<u>344,381</u>	<u>(93)</u>	<u>1,013,541</u>
Net Change in Fund Balances	91,633	(255,188)	(172,157)	3,076	(332,636)
Fund Balances - July 1, 2013	<u>533,418</u>	<u>275,294</u>	<u>391,462</u>	<u>32,519</u>	<u>1,232,693</u>
Fund Balances - June 30, 2014	<u>\$ 625,051</u>	<u>\$ 20,106</u>	<u>\$ 219,305</u>	<u>\$ 35,595</u>	<u>\$ 900,057</u>

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TOWN OF HARTFORD, VERMONT
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COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Community Development Funds	Recreation Funds	Public Safety Funds	Impact Fee Funds	Totals
ASSETS					
Cash and equivalents	\$ 428,581	\$ 18,271	\$ 5,515	\$ 132,726	\$ 585,093
Receivables (net of allowances for uncollectible accounts)					
Accounts receivable	180	-	-	30,707	30,887
Notes receivable	87,695	-	-	-	87,695
Due from other governments	66,147	-	65,138	-	131,285
Total Assets	<u>582,603</u>	<u>18,271</u>	<u>70,653</u>	<u>163,433</u>	<u>834,960</u>
LIABILITIES					
Accounts payable	20,433	-	-	-	20,433
Due to other governments	-	-	-	43,101	43,101
Due to other funds	47,736	271	65,138	-	113,145
Total Liabilities	<u>68,169</u>	<u>271</u>	<u>65,138</u>	<u>43,101</u>	<u>176,679</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenues-intergovernmental revenues	33,230	-	-	-	33,230
Total deferred inflows of resources	<u>33,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,230</u>
FUND BALANCES					
Restricted for					
Public safety	-	-	5,515	-	5,515
Impact fees	-	-	-	120,332	120,332
Community development	514,689	-	-	-	514,689
Recreation & parks	-	18,000	-	-	18,000
Unassigned	(33,485)	-	-	-	(33,485)
Total Fund Balances	<u>481,204</u>	<u>18,000</u>	<u>5,515</u>	<u>120,332</u>	<u>625,051</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 582,603</u>	<u>\$ 18,271</u>	<u>\$ 70,653</u>	<u>\$ 163,433</u>	<u>\$ 834,960</u>

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TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
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NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Community Development Funds	Recreation Funds	Public Safety Funds	Impact Fee Funds	Total
REVENUES					
Intergovernmental revenues	\$ 326,608	\$ 11,200	\$ 208,396	\$ -	\$ 546,204
Impact fees	-	-	-	14,354	14,354
Interest income	4,972	2	1	11	4,986
Other revenues	<u>-</u>	<u>16,899</u>	<u>525</u>	<u>-</u>	<u>17,424</u>
Total Revenues	<u>331,580</u>	<u>28,101</u>	<u>208,922</u>	<u>14,365</u>	<u>582,968</u>
EXPENDITURES					
Current expenditures					
R & P - Recreation	-	13,281	-	-	13,281
R & P - Parks	-	20,234	-	-	20,234
Conservation and development	204,273	-	-	-	204,273
Capital expenditures					
Public safety - police	-	-	137,515	-	137,515
Conservation and development	<u>70,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,409</u>
Total Expenditures	<u>274,682</u>	<u>33,515</u>	<u>137,515</u>	<u>-</u>	<u>445,712</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,898</u>	<u>(5,414)</u>	<u>71,407</u>	<u>14,365</u>	<u>137,256</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1	-	-	-	1
Transfers out	<u>-</u>	<u>-</u>	<u>(28,190)</u>	<u>(17,434)</u>	<u>(45,624)</u>
Total Other Financing Sources (Uses)	<u>1</u>	<u>-</u>	<u>(28,190)</u>	<u>(17,434)</u>	<u>(45,623)</u>
Net Change in Fund Balances	56,899	(5,414)	43,217	(3,069)	91,633
Fund Balances - July 1, 2013	<u>424,305</u>	<u>23,414</u>	<u>(37,702)</u>	<u>123,401</u>	<u>533,418</u>
Fund Balances - June 30, 2014	<u>\$ 481,204</u>	<u>\$ 18,000</u>	<u>\$ 5,515</u>	<u>\$ 120,332</u>	<u>\$ 625,051</u>

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**TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014**

	<u>Roundabout Fund</u>	<u>CSO Project Fund</u>	<u>DPW Garage Fund</u>	<u>Pump House & Children's Pool Fund</u>
ASSETS				
Cash and equivalents	\$ -	\$ 82,973	\$ 52,001	\$ 220,000
Due from other governments	2,248	-	-	-
Deposit receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>2,248</u>	<u>82,973</u>	<u>52,001</u>	<u>220,000</u>
LIABILITIES				
Accounts payable	-	-	-	-
Due to other funds	2,248	-	-	-
Unearned revenue	<u>2,248</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>4,496</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenues-intergovernmental revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	82,973	-	-
Assigned	-	-	52,001	220,000
Unassigned	<u>(2,248)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(2,248)</u>	<u>82,973</u>	<u>52,001</u>	<u>220,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,248</u>	<u>\$ 82,973</u>	<u>\$ 52,001</u>	<u>\$ 220,000</u>

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TOWN OF HARTFORD, VERMONT
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COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014

Quechee Bridge Fund	Wendell A. Barwood Arena Fund	West Hartford Library & Patriot's Park Fund	Municipal Building Renovation Fund	Prospect Street TIF District Fund	Totals
\$ -	\$ -	\$ 49,636	\$ 61,723	\$ -	\$ 466,333
207,567	-	68,831	-	-	278,646
-	-	-	8,917	-	8,917
<u>207,567</u>	<u>-</u>	<u>118,467</u>	<u>70,640</u>	<u>-</u>	<u>753,896</u>
14,233	-	1,015	139,736	-	154,984
79,621	-	-	216,104	2,187	300,160
-	-	-	-	-	2,248
<u>93,854</u>	<u>-</u>	<u>1,015</u>	<u>355,840</u>	<u>2,187</u>	<u>457,392</u>
<u>207,567</u>	<u>-</u>	<u>68,831</u>	<u>-</u>	<u>-</u>	<u>276,398</u>
<u>207,567</u>	<u>-</u>	<u>68,831</u>	<u>-</u>	<u>-</u>	<u>276,398</u>
-	-	-	-	-	82,973
-	-	48,621	-	-	320,622
(93,854)	-	-	(285,200)	(2,187)	(383,489)
(93,854)	-	48,621	(285,200)	(2,187)	20,106
<u>\$ 207,567</u>	<u>\$ -</u>	<u>\$ 118,467</u>	<u>\$ 70,640</u>	<u>\$ -</u>	<u>\$ 753,896</u>

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TOWN OF HARTFORD, VERMONT
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COMBINING SCHEDULE OF REVENUES, EXPENDITURES
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NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Roundabout Fund</u>	<u>CSO Project Fund</u>	<u>DPW Garage Fund</u>	<u>Pump House & Children's Pool Fund</u>
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest income	-	8	5	-
Other income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>8</u>	<u>5</u>	<u>-</u>
EXPENDITURES				
Current expenditures				
General government	-	-	-	-
Capital expenditures				
GG - Administration	-	-	-	-
Highway	-	-	-	-
Cultural	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>8</u>	<u>5</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from issuance of debt	-	-	-	140,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,000</u>
Net Change in Fund Balances	-	8	5	140,000
Fund Balances - July 1, 2013	<u>(2,248)</u>	<u>82,965</u>	<u>51,996</u>	<u>80,000</u>
Fund Balances - June 30, 2014	<u><u>(\$ 2,248)</u></u>	<u><u>\$ 82,973</u></u>	<u><u>\$ 52,001</u></u>	<u><u>\$ 220,000</u></u>

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TOWN OF HARTFORD, VERMONT
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COMBINING SCHEDULE OF REVENUES, EXPENDITURES
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NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Quechee Bridge Fund	Wendell A. Barwood Arena Fund	West Hartford Library & Patriot's Park Fund	Municipal Building Renovation Fund	Prospect Street TIF District Fund	Totals
\$ 175,000		\$ -		\$ -	\$ 175,000
-	-	-	-	-	13
-	8,948	77,822	-	-	86,770
<u>175,000</u>	<u>8,948</u>	<u>77,822</u>	<u>-</u>	<u>-</u>	<u>261,783</u>
-	-	-	34,541	-	34,541
-	-	-	410,448	-	410,448
16,611	-	-	-	2,187	18,798
<u>-</u>	<u>-</u>	<u>768,060</u>	<u>-</u>	<u>-</u>	<u>768,060</u>
<u>16,611</u>	<u>-</u>	<u>768,060</u>	<u>444,989</u>	<u>2,187</u>	<u>1,231,847</u>
<u>158,389</u>	<u>8,948</u>	<u>(690,238)</u>	<u>(444,989)</u>	<u>(2,187)</u>	<u>(970,064)</u>
-	-	-	159,876	-	159,876
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>415,000</u>	<u>-</u>	<u>-</u>	<u>555,000</u>
<u>-</u>	<u>-</u>	<u>415,000</u>	<u>159,876</u>	<u>-</u>	<u>714,876</u>
158,389	8,948	(275,238)	(285,113)	(2,187)	(255,188)
<u>(252,243)</u>	<u>(8,948)</u>	<u>323,859</u>	<u>(87)</u>	<u>-</u>	<u>275,294</u>
<u>(\$ 93,854)</u>	<u>\$ -</u>	<u>\$ 48,621</u>	<u>(\$ 285,200)</u>	<u>(\$ 2,187)</u>	<u>\$ 20,106</u>

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TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF NET POSITION
WATER AND WASTEWATER FUNDS
JUNE 30, 2014

	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	\$ 1,119,936	\$ 880,418	\$ 2,000,354	\$ 2,287,946	\$ 1,837,639	\$ 4,125,585
Accounts receivable (net of allowance for uncollectible accounts)	172,555	69,674	242,229	312,981	223,877	536,858
Due from other governments	-	-	-	215,961	-	215,961
Total Current Assets	<u>1,292,491</u>	<u>950,092</u>	<u>2,242,583</u>	<u>2,816,888</u>	<u>2,061,516</u>	<u>4,878,404</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	158,860	127,117	285,977	298,664	181,495	480,159
Distribution and collection systems	8,857,664	2,317,885	11,175,549	3,988,457	8,366,951	12,355,408
Construction in progress	98,647	-	98,647	-	-	-
Less accumulated depreciation	(4,460,772)	(1,201,182)	(5,661,954)	(10,459,594)	(7,692,201)	(18,151,795)
Total Noncurrent Assets	<u>4,950,559</u>	<u>1,261,820</u>	<u>6,212,379</u>	<u>10,426,441</u>	<u>10,478,529</u>	<u>20,904,970</u>
Total Assets	<u>6,243,050</u>	<u>2,211,912</u>	<u>8,454,962</u>	<u>13,243,329</u>	<u>12,540,045</u>	<u>25,783,374</u>
LIABILITIES						
Current Liabilities						
Accounts payable	114,955	7,383	122,338	42,089	21,445	63,534
Accrued payroll and benefits payable	11,496	2,833	14,329	12,564	7,679	20,243
Accrued compensated absences payable	16,154	9,947	26,101	30,685	21,849	52,534
Accrued interest payable	4,483	154	4,637	16,311	92,331	108,642
Bonds and notes payable - current portion	126,355	15,000	141,355	330,336	316,582	646,918
Total Current Liabilities	<u>273,443</u>	<u>35,317</u>	<u>308,760</u>	<u>431,985</u>	<u>459,886</u>	<u>891,871</u>
Noncurrent Liabilities						
Other post employment benefits	95,414	42,495	137,909	175,565	121,757	297,322
Bonds and notes payable	1,666,882	30,000	1,696,882	7,197,983	5,402,213	12,600,196
Total Noncurrent Liabilities	<u>1,762,296</u>	<u>72,495</u>	<u>1,834,791</u>	<u>7,373,548</u>	<u>5,523,970</u>	<u>12,897,518</u>
Total Liabilities	<u>2,035,739</u>	<u>107,812</u>	<u>2,143,551</u>	<u>7,805,533</u>	<u>5,983,856</u>	<u>13,789,389</u>
NET POSITION						
Net investment in capital assets	3,152,837	1,216,666	4,369,503	2,881,812	4,751,038	7,632,850
Restricted for:						
Impact fee eligible expenses	116,869	55,867	172,736	643,365	211,495	854,860
Unrestricted	937,605	831,567	1,769,172	1,912,619	1,593,656	3,506,275
Total Net Position	<u>\$ 4,207,311</u>	<u>\$ 2,104,100</u>	<u>\$ 6,311,411</u>	<u>\$ 5,437,796</u>	<u>\$ 6,556,189</u>	<u>\$ 11,993,985</u>

See Accompanying Independent Auditors' Report

TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
WATER AND WASTEWATER FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 980,726	\$ 359,185	\$ 1,339,911	\$ 1,588,665	\$ 1,084,951	\$ 2,673,616
Rents and other income	10,920	2,211	13,131	22,786	7,473	30,259
Total Operating Revenues	<u>991,646</u>	<u>361,396</u>	<u>1,353,042</u>	<u>1,611,451</u>	<u>1,092,424</u>	<u>2,703,875</u>
OPERATING EXPENSES						
Personnel services	417,202	133,308	550,510	571,801	347,145	918,946
Administration expenses	19,759	4,052	23,811	10,175	15,210	25,385
Utilities	73,209	31,270	104,479	170,403	87,080	257,483
Contract services	13,672	3,800	17,472	78,060	71,202	149,262
Equipment operation	10,997	4,457	15,454	22,674	16,722	39,396
Repairs and maintenance	39,255	25,975	65,230	49,472	6,831	56,303
Materials and supplies	41,899	5,191	47,090	54,885	25,268	80,153
Insurance expense	10,707	2,255	12,962	26,813	9,576	36,389
Small equipment	7,159	2,358	9,517	2,640	3,505	6,145
Books and periodicals	11	-	11	-	-	-
Depreciation	277,808	95,466	373,274	656,467	791,935	1,448,402
Total Operating Expenses	<u>911,678</u>	<u>308,132</u>	<u>1,219,810</u>	<u>1,643,390</u>	<u>1,374,474</u>	<u>3,017,864</u>
Operating Income (Loss)	<u>79,968</u>	<u>53,264</u>	<u>133,232</u>	<u>(31,939)</u>	<u>(282,050)</u>	<u>(313,989)</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	-	-	-	107,981	-	107,981
Interest income	81	41	122	150	104	254
Interest/admin fee expense	<u>(57,171)</u>	<u>(2,499)</u>	<u>(59,670)</u>	<u>(156,331)</u>	<u>(123,159)</u>	<u>(279,490)</u>
Total Nonoperating Revenues (Expenses)	<u>(57,090)</u>	<u>(2,458)</u>	<u>(59,548)</u>	<u>(48,200)</u>	<u>(123,055)</u>	<u>(171,255)</u>
Income (Loss) Before Transfers	<u>22,878</u>	<u>50,806</u>	<u>73,684</u>	<u>(80,139)</u>	<u>(405,105)</u>	<u>(485,244)</u>
TRANSFERS						
Transfers in	586,195	143,697	729,892	627,372	385,740	1,013,112
Transfers out	<u>(586,195)</u>	<u>(143,697)</u>	<u>(729,892)</u>	<u>(627,372)</u>	<u>(385,740)</u>	<u>(1,013,112)</u>
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	22,878	50,806	73,684	(80,139)	(405,105)	(485,244)
Total Net Position, July 1, 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>
Total Net Position, June 30, 2014	<u>\$ 4,207,311</u>	<u>\$ 2,104,100</u>	<u>\$ 6,311,411</u>	<u>\$ 5,437,796</u>	<u>\$ 6,556,189</u>	<u>\$ 11,993,985</u>

See Accompanying Independent Auditors' Report

TOWN OF HARTFORD, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING SCHEDULE OF CASH FLOWS
WATER AND WASTEWATER FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$ 1,003,817	\$ 348,574	\$ 1,352,391	\$ 1,600,624	\$ 1,095,752	\$ 2,696,376
Cash paid to employees	(405,698)	(128,572)	(534,270)	(542,225)	(339,700)	(881,925)
Cash paid to suppliers	(117,288)	(75,042)	(192,330)	(483,398)	(214,661)	(698,059)
Net cash provided (used) by operating activities	<u>480,831</u>	<u>144,960</u>	<u>625,791</u>	<u>575,001</u>	<u>541,391</u>	<u>1,116,392</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Due to other governments	(144,916)	-	(144,916)	(123,447)	-	(123,447)
Net cash provided (used) by noncapital financing activities	<u>(144,916)</u>	<u>-</u>	<u>(144,916)</u>	<u>(123,447)</u>	<u>-</u>	<u>(123,447)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Subsidies from government grants	-	3,398	3,398	-	-	-
Proceeds from issuance of debt	-	-	-	160,302	-	160,302
Principal payments - bonds and notes	(122,675)	(15,000)	(137,675)	(323,860)	(311,845)	(635,705)
Interest/admin fees paid	(57,478)	(2,558)	(60,036)	(157,043)	(127,405)	(284,448)
Purchase of capital assets	(118,327)	(53,850)	(172,177)	(189,656)	(19,650)	(209,306)
Net cash provided (used) by capital and related financing activities	<u>(298,480)</u>	<u>(68,010)</u>	<u>(366,490)</u>	<u>(510,257)</u>	<u>(458,900)</u>	<u>(969,157)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	81	41	122	150	104	254
Net cash provided (used) by investing activities	<u>81</u>	<u>41</u>	<u>122</u>	<u>150</u>	<u>104</u>	<u>254</u>
Net increase (decrease) in cash and equivalents	37,516	76,991	114,507	(58,553)	82,595	24,042
Cash and equivalents - July 1, 2013	1,082,420	803,427	1,885,847	2,346,499	1,755,044	4,101,543
Cash and equivalents - June 30, 2014	<u>1,119,936</u>	<u>880,418</u>	<u>2,000,354</u>	<u>2,287,946</u>	<u>1,837,639</u>	<u>4,125,585</u>
Reconciliation of operating income to net cash provided (used) by operating activities						
Operating income	79,968	53,264	133,232	(31,939)	(282,050)	(313,989)
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation	277,808	95,466	373,274	656,467	791,935	1,448,402
(Increase) decrease in accounts receivable	12,171	(12,822)	(651)	(10,827)	3,328	(7,499)
Increase (decrease) in accounts payable	99,380	4,316	103,696	(68,276)	20,733	(47,543)
Increase (decrease) in accrued expenses	11,504	4,736	16,240	29,576	7,445	37,021
Total adjustments	<u>400,863</u>	<u>91,696</u>	<u>492,559</u>	<u>606,940</u>	<u>823,441</u>	<u>1,430,381</u>
Net cash provided (used) by operating activities	<u>\$ 480,831</u>	<u>\$ 144,960</u>	<u>\$ 625,791</u>	<u>\$ 575,001</u>	<u>\$ 541,391</u>	<u>\$ 1,116,392</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, 2014

	Operating Fund	Capital Reserve Fund	Arena Renovation Capital Project	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 187,339	\$ -	\$ -	\$ -	\$ 187,339
Rents and other income	871	-	-	-	871
Total Operating Revenues	<u>188,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,210</u>
OPERATING EXPENSES					
Personnel services	89,092	-	-	-	89,092
Utilities	55,047	-	-	-	55,047
Contract services	7,790	-	-	-	7,790
Equipment operation	5,879	-	-	-	5,879
Materials and supplies	3,636	-	-	-	3,636
Insurance expense	9,400	-	-	-	9,400
Small equipment	-	-	-	-	-
Depreciation	-	-	-	14,685	14,685
Total Operating Expenses	<u>170,844</u>	<u>-</u>	<u>-</u>	<u>14,685</u>	<u>185,529</u>
Operating Income (Loss)	<u>17,366</u>	<u>-</u>	<u>-</u>	<u>(14,685)</u>	<u>2,681</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	-	8	-	-	8
Interest expense	(80,334)	-	-	-	(80,334)
Total Nonoperating Revenues (Expenses)	<u>(80,334)</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>(80,326)</u>
Income (Loss) Before Transfers	<u>(62,968)</u>	<u>8</u>	<u>-</u>	<u>(14,685)</u>	<u>(77,645)</u>
TRANSFERS					
Transfers in	80,334	20,000	355,000	9,166	464,500
Transfers out	(29,166)	-	-	-	(29,166)
Total Transfers	<u>51,168</u>	<u>20,000</u>	<u>355,000</u>	<u>9,166</u>	<u>435,334</u>
Change in Net Position	<u>(11,800)</u>	<u>20,008</u>	<u>355,000</u>	<u>(5,519)</u>	<u>357,689</u>
Total Net Position, July 1, 2013	<u>26,097</u>	<u>74,399</u>	<u>-</u>	<u>67,094</u>	<u>167,590</u>
Total Net Position, June 30, 2014	<u>\$ 14,297</u>	<u>\$ 94,407</u>	<u>\$ 355,000</u>	<u>\$ 61,575</u>	<u>\$ 525,279</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, 2014

	Operating Fund	Equipment Reserve Fund	Closure Reserve Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES						
Charges for services	\$ 611,497	\$ -	\$ -	\$ -	\$ -	\$ 611,497
Rents and other income	12,172	-	-	-	-	12,172
Total Operating Revenues	<u>623,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>623,669</u>
OPERATING EXPENSES						
Personnel services	329,611	-	-	-	-	329,611
Administration expenses	5,653	-	-	-	-	5,653
Utilities	19,056	-	-	-	-	19,056
Contract services	409,336	-	-	-	-	409,336
Postclosure care costs	18,585	-	(23,000)	-	-	(4,415)
Franchise tax	6,945	-	-	-	-	6,945
Waste generation fee	5,945	-	-	-	-	5,945
Equipment operation	9,334	-	-	-	-	9,334
Repairs and maintenance	16,221	-	-	-	-	16,221
Materials and supplies	7,024	-	-	-	-	7,024
Insurance expense	8,532	-	-	-	-	8,532
Small equipment	191	-	-	-	-	191
Depreciation	-	-	-	-	72,774	72,774
Total Operating Expenses	<u>836,433</u>	<u>-</u>	<u>(23,000)</u>	<u>-</u>	<u>72,774</u>	<u>886,207</u>
Operating Income (Loss)	<u>(212,764)</u>	<u>-</u>	<u>23,000</u>	<u>-</u>	<u>(72,774)</u>	<u>(262,538)</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenues	4,509	-	-	-	-	4,509
Interest income	-	5	50	3	-	58
Total Nonoperating Revenues (Expenses)	<u>4,509</u>	<u>5</u>	<u>50</u>	<u>3</u>	<u>-</u>	<u>4,567</u>
Income (Loss) Before Transfers	<u>(208,255)</u>	<u>5</u>	<u>23,050</u>	<u>3</u>	<u>(72,774)</u>	<u>(257,971)</u>
TRANSFERS						
Transfers in	168,585	-	-	-	-	168,585
Transfers out	-	-	(18,585)	-	-	(18,585)
Total Transfers	<u>168,585</u>	<u>-</u>	<u>(18,585)</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Change in Net Position	<u>(39,670)</u>	<u>5</u>	<u>4,465</u>	<u>3</u>	<u>(72,774)</u>	<u>(107,971)</u>
Total Net Position, July 1, 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>
Total Net Position, June 30, 2014	<u>\$ 117,729</u>	<u>\$ 51,805</u>	<u>\$ 110,366</u>	<u>\$ 29,958</u>	<u>\$ 681,891</u>	<u>\$ 991,749</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, 2014

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 980,726	\$ -	\$ -	\$ -	\$ 980,726
Rents and other income	3,048	7,872	-	-	10,920
Total Operating Revenues	<u>983,774</u>	<u>7,872</u>	<u>-</u>	<u>-</u>	<u>991,646</u>
OPERATING EXPENSES					
Personnel services	417,202	-	-	-	417,202
Administration expenses	19,759	-	-	-	19,759
Utilities	73,209	-	-	-	73,209
Contract services	13,672	-	-	-	13,672
Equipment operation	10,997	-	-	-	10,997
Repairs and maintenance	39,255	-	-	-	39,255
Materials and supplies	41,899	-	-	-	41,899
Insurance expense	10,707	-	-	-	10,707
Small equipment	7,159	-	-	-	7,159
Books and periodicals	11	-	-	-	11
Depreciation	-	-	-	277,808	277,808
Total Operating Expenses	<u>633,870</u>	<u>-</u>	<u>-</u>	<u>277,808</u>	<u>911,678</u>
Operating Income (Loss)	<u>349,904</u>	<u>7,872</u>	<u>-</u>	<u>(277,808)</u>	<u>79,968</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	-	-	-
Interest income	-	14	67	-	81
Interest expense	(57,171)	-	-	-	(57,171)
Total Nonoperating Revenues (Expenses)	<u>(57,171)</u>	<u>14</u>	<u>67</u>	<u>-</u>	<u>(57,090)</u>
Income (Loss) Before Transfers	<u>292,733</u>	<u>7,886</u>	<u>67</u>	<u>(277,808)</u>	<u>22,878</u>
TRANSFERS					
Transfers in	-	-	200,000	386,195	586,195
Transfers out	(586,195)	-	-	-	(586,195)
Total Transfers	<u>(586,195)</u>	<u>-</u>	<u>200,000</u>	<u>386,195</u>	<u>-</u>
Change in Net Position	<u>(293,462)</u>	<u>7,886</u>	<u>200,067</u>	<u>108,387</u>	<u>22,878</u>
Total Net Position, July 1, 2013	<u>371,761</u>	<u>108,983</u>	<u>659,239</u>	<u>3,044,450</u>	<u>4,184,433</u>
Total Net Position, June 30, 2014	<u>\$ 78,299</u>	<u>\$ 116,869</u>	<u>\$ 859,306</u>	<u>\$ 3,152,837</u>	<u>\$ 4,207,311</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, 2014

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 359,185	\$ -	\$ -	\$ -	\$ 359,185
Rents and other income	2,067	144	-	-	2,211
Total Operating Revenues	<u>361,252</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>361,396</u>
OPERATING EXPENSES					
Personnel services	133,308	-	-	-	133,308
Administration expenses	4,052	-	-	-	4,052
Utilities	31,270	-	-	-	31,270
Contract services	3,800	-	-	-	3,800
Equipment operation	4,457	-	-	-	4,457
Repairs and maintenance	25,975	-	-	-	25,975
Materials and supplies	5,191	-	-	-	5,191
Insurance expense	2,255	-	-	-	2,255
Small equipment	2,358	-	-	-	2,358
Depreciation	-	-	-	95,466	95,466
Total Operating Expenses	<u>212,666</u>	<u>-</u>	<u>-</u>	<u>95,466</u>	<u>308,132</u>
Operating Income (Loss)	<u>148,586</u>	<u>144</u>	<u>-</u>	<u>(95,466)</u>	<u>53,264</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	-	-	-
Interest revenue	-	5	36	-	41
Interest expense	(2,499)	-	-	-	(2,499)
Total Nonoperating Revenues (Expenses)	<u>(2,499)</u>	<u>5</u>	<u>36</u>	<u>-</u>	<u>(2,458)</u>
Income (Loss) Before Transfers	<u>146,087</u>	<u>149</u>	<u>36</u>	<u>(95,466)</u>	<u>50,806</u>
TRANSFERS					
Transfers in	-	-	75,000	68,697	143,697
Transfers out	(143,697)	-	-	-	(143,697)
Total Transfers	<u>(143,697)</u>	<u>-</u>	<u>75,000</u>	<u>68,697</u>	<u>-</u>
Change in Net Position	2,390	149	75,036	(26,769)	50,806
Total Net Position, July 1, 2013	<u>397,593</u>	<u>55,718</u>	<u>356,548</u>	<u>1,243,435</u>	<u>2,053,294</u>
Total Net Position, June 30, 2014	<u>\$ 399,983</u>	<u>\$ 55,867</u>	<u>\$ 431,584</u>	<u>\$ 1,216,666</u>	<u>\$ 2,104,100</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, 2014

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 1,588,665	\$ -	\$ -	\$ -	\$ 1,588,665
Rents and other income	6,532	16,254	-	-	22,786
Total Operating Revenues	<u>1,595,197</u>	<u>16,254</u>	<u>-</u>	<u>-</u>	<u>1,611,451</u>
OPERATING EXPENSES					
Personnel services	571,801	-	-	-	571,801
Administration expenses	10,175	-	-	-	10,175
Utilities	170,403	-	-	-	170,403
Contract services	78,060	-	-	-	78,060
Equipment operation	22,674	-	-	-	22,674
Repairs and maintenance	49,472	-	-	-	49,472
Materials and supplies	54,885	-	-	-	54,885
Insurance expense	26,813	-	-	-	26,813
Small equipment	2,640	-	-	-	2,640
Depreciation	-	-	-	656,467	656,467
Total Operating Expenses	<u>986,923</u>	<u>-</u>	<u>-</u>	<u>656,467</u>	<u>1,643,390</u>
Operating Income (Loss)	<u>608,274</u>	<u>16,254</u>	<u>-</u>	<u>(656,467)</u>	<u>(31,939)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	107,981	-	-	-	107,981
Interest income	-	63	87	-	150
Interest expense	<u>(156,331)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,331)</u>
Total Nonoperating Revenues (Expenses)	<u>(48,350)</u>	<u>63</u>	<u>87</u>	<u>-</u>	<u>(48,200)</u>
Income (Loss) Before Transfers	<u>559,924</u>	<u>16,317</u>	<u>87</u>	<u>(656,467)</u>	<u>(80,139)</u>
TRANSFERS					
Transfers in	-	-	150,000	477,372	627,372
Transfers out	<u>(627,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(627,372)</u>
Total Transfers	<u>(627,372)</u>	<u>-</u>	<u>150,000</u>	<u>477,372</u>	<u>-</u>
Change in Net Position	<u>(67,448)</u>	<u>16,317</u>	<u>150,087</u>	<u>(179,095)</u>	<u>(80,139)</u>
Total Net Position, July 1, 2013	<u>967,026</u>	<u>627,048</u>	<u>862,954</u>	<u>3,060,907</u>	<u>5,517,935</u>
Total Net Position, June 30, 2014	<u>\$ 899,578</u>	<u>\$ 643,365</u>	<u>\$ 1,013,041</u>	<u>\$ 2,881,812</u>	<u>\$ 5,437,796</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, 2014

	Operating Fund	Impact Fee Fund	Capital Reserve Fund	Investment in Capital Assets	Total
OPERATING REVENUES					
Charges for services	\$ 1,084,951	\$ -	\$ -	\$ -	\$ 1,084,951
Rents and other income	6,419	1,054	-	-	7,473
Total Operating Revenues	<u>1,091,370</u>	<u>1,054</u>	<u>-</u>	<u>-</u>	<u>1,092,424</u>
OPERATING EXPENSES					
Personnel services	347,145	-	-	-	347,145
Administration expenses	15,210	-	-	-	15,210
Utilities	87,080	-	-	-	87,080
Contract services	71,202	-	-	-	71,202
Equipment operation	16,722	-	-	-	16,722
Repairs and maintenance	6,831	-	-	-	6,831
Materials and supplies	25,268	-	-	-	25,268
Insurance expense	9,576	-	-	-	9,576
Small equipment	3,505	-	-	-	3,505
Depreciation	-	-	-	791,935	791,935
Total Operating Expenses	<u>582,539</u>	<u>-</u>	<u>-</u>	<u>791,935</u>	<u>1,374,474</u>
Operating Income (Loss)	<u>508,831</u>	<u>1,054</u>	<u>-</u>	<u>(791,935)</u>	<u>(282,050)</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenues	-	-	-	-	-
Interest revenue	-	21	75	8	104
Interest expense	<u>(123,159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,159)</u>
Total Nonoperating Revenues (Expenses)	<u>(123,159)</u>	<u>21</u>	<u>75</u>	<u>8</u>	<u>(123,055)</u>
Income (Loss) Before Transfers	<u>385,672</u>	<u>1,075</u>	<u>75</u>	<u>(791,927)</u>	<u>(405,105)</u>
TRANSFERS					
Transfers in	-	-	50,000	335,740	385,740
Transfers out	<u>(385,740)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(385,740)</u>
Total Transfers	<u>(385,740)</u>	<u>-</u>	<u>50,000</u>	<u>335,740</u>	<u>-</u>
Change in Net Position	<u>(68)</u>	<u>1,075</u>	<u>50,075</u>	<u>(456,187)</u>	<u>(405,105)</u>
Total Net Position, July 1, 2013	<u>793,404</u>	<u>210,420</u>	<u>750,245</u>	<u>5,207,225</u>	<u>6,961,294</u>
Total Net Position, June 30, 2014	<u>\$ 793,336</u>	<u>\$ 211,495</u>	<u>\$ 800,320</u>	<u>\$ 4,751,038</u>	<u>\$ 6,556,189</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, 2014

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 192,600	\$ 187,339	(\$ 5,261)
Rents and other income	1,996	871	(1,125)
Transfers from general fund	<u>-</u>	<u>435,334</u>	<u>435,334</u>
Total Operating Revenues	<u>194,596</u>	<u>623,544</u>	<u>428,948</u>
OPERATING EXPENSES			
Personnel services	115,355	89,092	26,263
Utilities	53,200	55,047	(1,847)
Contract services	4,850	7,790	(2,940)
Equipment operation	4,700	5,879	(1,179)
Materials and supplies	4,450	3,636	814
Insurance expense	9,991	9,400	591
Small equipment	2,050	-	2,050
Debt service	-	80,334	(80,334)
Capital reserve	-	20,000	(20,000)
Capital outlay	<u>-</u>	<u>1,241,605</u>	<u>(1,241,605)</u>
Total Operating Expenses	<u>194,596</u>	<u>1,512,783</u>	<u>(1,318,187)</u>
Change in Net Position	<u>\$ -</u>	<u>(\$ 889,239)</u>	<u>(\$ 889,239)</u>
RECONCILIATION OF CHANGE IN NET POSITION - BUDGETARY BASIS TO CHANGE IN NET POSITION - GAAP BASIS			
Change in Net Position - Budgetary Basis		(\$ 889,239)	
Depreciation Expense		(14,685)	
Purchase of Capital Assets		1,241,605	
Transfers to Capital Reserve Funds		20,000	
Interest Income		<u>8</u>	
Change in Net Position - GAAP Basis		<u>\$ 357,689</u>	

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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, 2014

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance- Positive (Negative)</u>
OPERATING REVENUES			
Charges for services	\$ 740,594	\$ 611,497	(\$ 129,097)
Rents and other income	123,300	166,681	43,381
Transfer from post-closure care reserve	<u>24,000</u>	<u>18,585</u>	<u>(5,415)</u>
Total Operating Revenues	<u>887,894</u>	<u>796,763</u>	<u>(91,131)</u>
OPERATING EXPENSES			
Personnel services	338,665	329,611	9,054
Administration expenses	7,240	5,653	1,587
Utilities	17,160	19,056	(1,896)
Contract services	384,200	409,336	(25,136)
Postclosure care costs	24,000	18,585	5,415
Franchise tax	8,400	6,945	1,455
Waste generation fee	9,050	5,945	3,105
Equipment operation	53,525	9,334	44,191
Repairs and maintenance	22,700	16,221	6,479
Materials and supplies	7,100	7,024	76
Insurance expense	9,154	8,532	622
Small equipment	<u>6,700</u>	<u>191</u>	<u>6,509</u>
Total Operating Expenses	<u>887,894</u>	<u>836,433</u>	<u>51,461</u>
Change in Net Position	<u>\$ -</u>	<u>(\$ 39,670)</u>	<u>(\$ 39,670)</u>

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

Change in Net Position - Budgetary Basis	(\$ 39,670)
Depreciation Expense	(72,774)
Landfill Closure Costs	4,415
Interest Income	<u>58</u>
Change in Net Position - GAAP Basis	<u>(\$ 107,971)</u>

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TOWN OF HARTFORD, VERMONT
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CENTRAL WATER FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 999,667	\$ 980,726	(\$ 18,941)
Rents and other income	232,947	3,048	(229,899)
Total Operating Revenues	1,232,614	983,774	(248,840)
OPERATING EXPENSES			
Personnel services	353,355	417,202	(63,847)
Administration expenses	21,900	19,770	2,130
Utilities	81,600	73,209	8,391
Contract services	34,950	13,672	21,278
Equipment operation	15,365	10,997	4,368
Repairs and maintenance	30,250	39,255	(9,005)
Materials and supplies	317,057	41,899	275,158
Insurance expense	10,826	10,707	119
Small equipment	33,300	7,159	26,141
Debt service	180,152	179,845	307
Capital reserve	153,859	200,000	(46,141)
Capital outlay	-	118,327	(118,327)
Total Operating Expenses	1,232,614	1,132,042	100,572
Change in Net Position	\$ -	(\$ 148,268)	(\$ 148,268)

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

Change in Net Position - Budgetary Basis	(\$ 148,268)
Depreciation Expense	(277,808)
Purchase of Capital Assets	118,327
Principal Payments on Bonds and Leases	122,674
Transfers to Capital Reserve Funds	200,000
Impact Fee Income	7,872
Interest Income	81
Change in Net Position - GAAP Basis	\$ 22,878

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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, 2014

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 336,997	\$ 359,185	\$ 22,188
Rents and other	36,672	2,067	(34,605)
Total Operating Revenues	373,669	361,252	(12,417)
OPERATING EXPENSES			
Personnel services	160,546	133,308	27,238
Administration expenses	6,800	4,052	2,748
Utilities	31,300	31,270	30
Contract services	39,620	3,800	35,820
Equipment operation	6,440	4,457	1,983
Repairs and maintenance	21,700	25,975	(4,275)
Materials and supplies	6,800	5,191	1,609
Insurance expense	2,456	2,255	201
Small equipment	23,100	2,358	20,742
Debt service	17,558	17,499	59
Capital reserve	57,349	75,000	(17,651)
Capital outlay	-	53,850	(53,850)
Total Operating Expenses	373,669	359,015	14,654
Change in Net Position	\$ -	\$ 2,237	\$ 2,237

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

Change in Net Position - Budgetary Basis	\$ 2,237
Depreciation Expense	(95,466)
Purchase of Capital Assets	53,850
Principal Payments on Bonds and Leases	15,000
Transfers to Capital Reserve Funds	75,000
Impact Fee Income	144
Interest Income	41
Change in Net Position - GAAP Basis	\$ 50,806

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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, 2014

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,614,734	\$ 1,588,665	(\$ 26,069)
Rents and other income	183,596	114,513	(69,083)
Total Operating Revenues	1,798,330	1,703,178	(95,152)
OPERATING EXPENSES			
Personnel services	599,574	571,801	27,773
Administration expenses	13,675	10,175	3,500
Utilities	194,450	170,403	24,047
Contract services	85,900	78,060	7,840
Equipment operation	126,180	22,674	103,506
Repairs and maintenance	246,557	49,472	197,085
Materials and supplies	53,500	54,885	(1,385)
Insurance expense	27,038	26,813	225
Small equipment	24,500	2,640	21,860
Debt service	16,736	480,190	260,220
Capital reserve	410,220	150,000	(463,454)
Capital outlay	-	272,292	(272,292)
Total Operating Expenses	1,798,330	1,889,405	(91,075)
Change in Net Position	\$ -	(\$ 186,227)	(\$ 186,227)

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

Change in Net Position - Budgetary Basis	(\$ 186,227)
Depreciation Expense	(656,467)
Purchase of Capital Assets	272,292
Principal Payments on Bonds and Leases	323,859
Transfers to Capital Reserve Funds	150,000
Impact Fee Income	16,254
Interest Income	150
Change in Net Position - GAAP Basis	(\$ 80,139)

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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, 2014

	Budgeted Amounts	Actual Amounts	Variance- Positive (Negative)
OPERATING REVENUES			
Charges for services	\$ 1,085,197	\$ 1,084,951	(\$ 246)
Rents and other income	2,786	6,419	3,633
Total Operating Revenues	1,087,983	1,091,370	3,387
OPERATING EXPENSES			
Personnel services	330,742	347,145	(16,403)
Administration expenses	17,400	15,210	2,190
Utilities	79,100	87,080	(7,980)
Contract services	103,900	71,202	32,698
Equipment operation	20,524	16,722	3,802
Repairs and maintenance	64,200	6,831	57,369
Materials and supplies	26,000	25,268	732
Insurance expense	11,018	9,576	1,442
Small equipment	23,000	3,505	19,495
Debt service	111,853	435,004	(323,151)
Capital reserve	300,246	50,000	250,246
Capital outlay	-	19,650	(19,650)
Total Operating Expenses	1,087,983	1,087,193	790
Change in Net Position	\$ -	\$ 4,177	\$ 4,177

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

Change in Net Position - Budgetary Basis	\$ 4,177
Depreciation Expense	(791,935)
Purchase of Capital Assets	19,650
Principal Payments on Bonds and Leases	311,845
Transfers to/(from) Capital Reserve Funds	50,000
Transfers to/(from) Impact Fee Funds	-
Impact Fee Income	1,054
Interest Income	104
Change in Net Position - GAAP Basis	(\$ 405,105)

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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, 2014, 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 29, 2015.

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

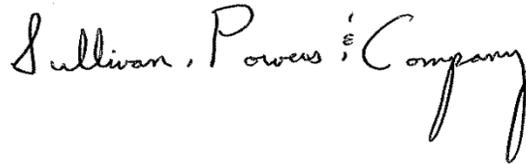
As part of obtaining reasonable assurance about whether the Town of Hartford, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 29, 2015.

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 29, 2015
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 typed text.