

TOWN OF HARTFORD, VERMONT
FINANCIAL STATEMENTS
JUNE 30, 2021
AND
INDEPENDENT AUDITOR'S REPORTS

TOWN OF HARTFORD, VERMONT

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Selectboard
Town of Hartford, Vermont

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 (the Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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'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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hartford, Vermont as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules 7 through 9 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedules 1 through 6, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedules 1 through 6, and the Schedule of Expenditures of Federal Awards 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, the accompanying schedules 1 through 6, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021 on our consideration of the Town's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on 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 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's internal control over financial reporting and compliance.

Montpelier, Vermont
November 3, 2021

Melgett Jennett 9
Shah-Nisa, P.L.

**TOWN OF HARTFORD, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The following is a discussion and analysis of the Town of Hartford's (the Town) financial performance including an overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. Readers should consider this information in conjunction with the financial statements which are located after this analysis. This discussion and analysis provides comparisons between FY 2021 and FY 2020.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021, by \$37,496,546 compared to \$34,007,569, at June 30, 2020. This represents an increase of \$3,488,977. The change in net position for fiscal year 2021 was an increase of \$3,488,977 compared to a decrease of \$312,660 for fiscal year 2020.

Fund Highlights

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$16,156,276, an increase of \$6,213,998 in comparison with an increase of \$359,920 for the prior year. Of the total fund balance, \$13,046,877 represents amounts restricted, committed or assigned to specific purposes, such as reserves and encumbrances approved by management, \$80,025 is nonspendable, leaving an unassigned balance of \$3,029,374.

Long-term Debt

The Town's long-term debt increased \$5,176,082 during the fiscal year and had a total ending balance of \$27,989,588.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Town's financial statements consist of five sections: 1) Independent Auditor's Report, 2) Management's Discussion and Analysis, 3) Basic Financial Statements, 4) Supplementary Schedules and 5) Compliance Reports.

- **Independent Auditor's Report** - This is a description by the auditors of the scope of their work and their official opinion of the financial statements of the Town for the 2021 fiscal year.
- **Management's Discussion and Analysis** - An introduction to the basic financial statements that is intended to be an easily read analysis of the Town's financial activities based on currently known facts, decisions or conditions.
- **Basic Financial Statements** - This section of the report includes government-wide financial statements, fund financial statements, and notes to the financial statements.
- **Supplementary Schedules** - This section of the report includes schedules 1 through 6, which are not required by accounting principles generally accepted in the United States of America (U.S. GAAP) but are presented as supplementary information. These schedules contain the combining information for individual nonmajor governmental funds. This section also includes schedules 7 through 9, which are required by U.S. GAAP. These schedules contain required historical pension information for the Town's portion of VMERS and schedule of funding progress for the Town's postemployment healthcare plan.
- **Compliance Reports** - This section includes the auditor's report on the Town's internal controls over financial reporting and on compliance with a description of their findings. Internal controls deal with the Town's processes and procedures that ensure our financial statements are accurate and that Town assets are being safeguarded in a reasonable fashion. A second auditor's report on compliance and internal controls over compliance requirements of the Town's federal awards is also included.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which helps readers determine whether the Town's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenues and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

- **Statement of Net Position** - This statement presents information on all of the Town's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities** - This statement presents information showing how the Town'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).

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- **Governmental Activities** - Activities reported here include general government, public safety, public works, health and social services, parks and recreation, conservation and development, and cultural. Property taxes and federal, state and local revenues finance these activities.
- **Business-type Activities** - Activities reported here include the water, wastewater and solid waste activities.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Town's funds are categorized as governmental, proprietary or fiduciary.

- **Governmental Funds** - The basic services provided by the Town are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Town's current needs.

The Town reports 9 individual governmental funds. Information is presented separately in the governmental fund statements for the General Fund, Community Development Fund, TIF Fund and Capital Projects Fund which are considered major funds. Data from the other 5 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the supplementary schedules section.

- **Proprietary Funds** - Proprietary funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting. Proprietary funds are reported as business-type activities on the government-wide financial statements. Since proprietary funds use accrual basis accounting, there are no differences between amounts reported on the government-wide statements and the proprietary fund statements. The Town uses proprietary funds to account for its Water, Wastewater and Solid Waste Funds.

Reconciliation of Government-wide Financial Statements to Governmental Fund Financial Statements

The governmental activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis and measurement focus. Because the focus of governmental funds is more limited 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. This comparison can help readers better understand the long-term impact of the Town's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The following indicates some of the reporting differences between the government-wide financial statements and the governmental funds financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements. Long-term liabilities include long-term debt, accrued compensated absences and other postemployment benefits.
- Property taxes not available to pay current period expenditures are deferred in governmental fund statements but not deferred on the government-wide statements.
- Deferred inflows of resources relating to deferred pension credits, deferred outflows of resources relating to deferred pension expense, and net pension asset or liability are reported on the government-wide statements but are excluded from the fund financial statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements but are recorded as long-term liabilities in the government-wide financial statements.

FINANCIAL ANALYSIS

Government-wide Financial Statements

The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$37,496,546 at year end. Net position increased by \$3,488,977 over the previous fiscal year.

TABLE 1
Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Assets						
Current Assets	\$ 11,657,928	\$ 18,166,748	\$ 9,568,449	\$ 9,752,983	\$ 21,226,377	\$ 27,919,731
Noncurrent Assets	38,187,707	42,014,386	19,994,130	20,039,139	58,181,837	62,053,525
Total Assets	49,845,635	60,181,134	29,562,579	29,792,122	79,408,214	89,973,256
Deferred Outflows of Resources	1,308,813	2,172,215	-	-	1,308,813	2,172,215

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Liabilities						
Current Liabilities	2,275,661	2,599,973	1,268,809	1,377,235	3,544,470	3,977,208
Noncurrent Liabilities	28,548,240	35,856,105	12,884,991	13,130,840	41,433,231	48,986,945
Total Liabilities	30,823,901	38,456,078	14,153,800	14,508,075	44,977,701	52,964,153
Deferred Inflows of Resources	1,731,757	1,684,772	-	-	1,731,757	1,684,772
Net Position						
Net Investment in						
Capital Assets	24,196,160	22,676,134	8,490,421	8,354,436	32,686,581	31,030,570
Restricted	4,355,514	2,937,224	-	-	4,355,514	2,937,224
Unrestricted	(9,952,884)	(3,400,859)	6,918,358	6,929,611	(3,034,526)	3,528,752
Total Net Position	\$ 18,598,790	\$ 22,212,499	\$ 15,408,779	\$ 15,284,047	\$ 34,007,569	\$ 37,496,546

The larger portion of the Town's net position reflects its net investment in capital assets less any related outstanding debt used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The Town uses capital assets to provide services to citizens; therefore, those assets are not available for future spending. Although the Town'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. The remaining portion of the Town's net position represents restricted and unrestricted net position.

The following condensed financial information was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position.

TABLE 2
Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,478,322	\$ 2,273,096	\$ 4,650,446	\$ 4,674,748	\$ 7,128,768	\$ 6,947,844
Grants and Contributions	1,455,055	5,271,150	46,800	25,513	1,501,855	5,296,663
Other	176,969	329,378	26,025	24,788	202,994	354,166
General Revenues:						
Property Taxes	14,167,681	14,547,020	-	-	14,167,681	14,547,020
Insurance recoveries	-	8,305	-	-	-	8,305
Loss on disposition of of capital assets	(52,116)	(179,294)	-	-	(52,116)	(179,294)
Investment Earnings	119,081	107,122	77,613	39,687	196,694	146,809
Total Revenues	18,344,992	22,356,777	4,800,884	4,764,736	23,145,876	27,121,513

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
PROGRAM EXPENSES						
General government	3,319,350	3,267,639	-	-	3,319,350	3,267,639
Public safety	7,674,078	7,947,180	-	-	7,674,078	7,947,180
Public works	3,541,220	3,349,759	-	-	3,541,220	3,349,759
Health and social services	383,410	490,077	-	-	383,410	490,077
Parks and recreation	1,767,895	1,731,639	-	-	1,767,895	1,731,639
Conservation and development	564,914	889,142	-	-	564,914	889,142
Cultural	387,168	393,045	-	-	387,168	393,045
Water	-	-	1,531,062	1,287,032	1,531,062	1,287,032
Wastewater	-	-	3,078,393	2,861,470	3,078,393	2,861,470
Solid Waste	-	-	770,318	721,527	770,318	721,527
Interest	434,125	451,449	6,603	242,577	440,728	694,026
Total Program Expenses	18,072,160	18,519,930	5,386,376	5,112,606	23,458,536	23,632,536
Transfers In (Out)	(136,248)	(223,138)	136,248	223,138	-	-
Increase (decrease) in Net Position	\$ 136,584	\$ 3,613,709	\$ (449,244)	\$ (124,732)	\$ (312,660)	\$ 3,488,977

Total governmental activities expenses were \$18,072,160 and \$18,519,930 in fiscal years 2020 and 2021, respectively. The expenses do not include capital outlay, which is reflected as capital asset additions in the government-wide financial statements.

Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were \$4,110,346 in 2020 and \$7,873,624 in 2021. Governmental activities program revenues from charges for services include licenses and permits, planning fees, forfeitures, sale of supplies and several other revenues. Program revenues in the grants and contributions category include federal, state and local grants, and local contributions that are restricted for program use.

General revenues are all other revenues not categorized as program revenues and include property taxes and investment earnings. Total general revenues from governmental activities were \$14,234,646 in fiscal 2020 and \$14,483,153 in fiscal 2021.

Fund Financial Statements

- **Governmental Funds** - The combined fund balance of the governmental funds was \$9,942,278 at June 30, 2020 and \$16,156,276 at June 30, 2021. \$13,046,877 of the FY 2021 fund balance is restricted, committed or assigned; \$80,025 is nonspendable, leaving a remaining unassigned balance of \$3,029,374. The fund balance of the General Fund increased from \$7,083,015 in FY 2020 to \$11,060,021 in FY 2021.

Revenues and expenditures in the General Fund vary from their operating budgets, as shown on the Statement of Revenues and Expenditures - Budget and Actual - General Fund. Management has reviewed these variances and finds them to be acceptable.

- **Proprietary Funds** - The Town's proprietary funds provide the same information found in the government-wide financial statements. Total net position of the Town's proprietary funds at June 30, 2021, was \$15,284,047, a decrease of \$124,732 under the previous fiscal year.

Capital Assets

The following is a schedule of capital assets as of June 30, 2021 and 2020.

	Capital Assets June 30,			
	Governmental Activities		Business-type Activities	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Land	\$ 1,431,658	\$ 1,431,658	\$ 424,307	\$ 424,307
Construction in Progress	3,818,801	9,364,132	1,121,177	2,553,409
Land improvements	1,336,946	1,653,324	147,002	147,002
Buildings and improvements	19,779,127	19,849,411	27,858,484	27,858,484
Vehicles and equipment	10,787,441	10,998,505	1,284,846	1,413,210
Infrastructure	38,203,077	38,742,099	25,539,613	25,599,217
Total Capital Assets	75,357,050	82,039,129	56,375,429	57,995,629
Less Accumulated Depreciation	38,865,878	41,667,690	36,381,299	37,956,490
Capital Assets, Net	<u>\$ 36,491,172</u>	<u>\$ 40,371,439</u>	<u>\$ 19,994,130</u>	<u>\$ 20,039,139</u>

The Town has a net investment in capital assets of \$56,485,302 and \$60,410,578 on June 30, 2020 and June 30, 2021, respectively. The net increase (including additions and deductions) between the two periods amounted to \$3,925,276.

Debt

The following is a schedule of long-term debt as of June 30, 2020 and 2021.

Long-term Debt at June 30,			Long-term Debt at June 30,		
	<u>2020</u>	<u>2021</u>		<u>2020</u>	<u>2021</u>
Governmental Activities -			Business-type Activities -		
VMBB - 2012 Series 1	\$ 737,897	\$ 681,135	RF3-069	\$ 942,248	\$ 796,579
VMBB - 2017 Series 4	4,308,500	4,000,750	AR1-006	431,443	390,646
VMBB - 2014 Series 3	675,000	630,000	AR1-099	4,841,246	4,511,468
VMBB - 2014 Series 3	3,675,000	3,430,000	AR1-041	3,531,396	3,204,000
VMBB - 2017 Series 3	1,913,400	1,807,100	RF3-329	1,573,695	1,459,274
VMBB - 2020 Series 2	-	1,735,000	RF1-188	69,675	69,675
VMBB - 2021 Series 1	-	843,900	RF1-202	15,687	15,687
VMBB - 2021 Series 1	-	3,177,000	RF1-222	98,319	451,039
Total Long-term Debt	<u>\$ 11,309,797</u>	<u>\$ 16,304,885</u>	RF3-390	-	733,807
			RF1-271	-	52,528
			Total Long-term Debt	<u>\$ 11,503,709</u>	<u>\$ 11,684,703</u>

At the end of the fiscal year, the Town had \$16,304,885 in long-term debt outstanding in governmental activities compared to \$11,309,797 in the prior year. For the business-type activities, long-term debt increased from \$11,503,709 to \$11,684,703.

At the end of the fiscal year, the Town had \$1,390,420 in capital lease obligations in governmental activities compared to \$985,215 in the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of its citizens, taxpayers, customers and creditors. Questions concerning any of the information provided in the report should be addressed to the Town of Hartford, VT at 171 Bridge Street, Hartford, VT 05001.

TOWN OF HARTFORD, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021
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	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 20,793,676	\$ 4,041,510	\$ 24,835,186
Investments	25,345	-	25,345
Property taxes receivable	936,254	-	936,254
Accounts receivable, net	852,785	875,045	1,727,830
Grants receivable	395,116	-	395,116
Due (to) from other activities	(4,836,428)	4,836,428	-
Total current assets	<u>18,166,748</u>	<u>9,752,983</u>	<u>27,919,731</u>
Noncurrent assets -			
Notes receivable, net	1,642,947	-	1,642,947
Capital assets	82,039,129	57,995,629	140,034,758
less - accumulated depreciation	(41,667,690)	(37,956,490)	(79,624,180)
Total noncurrent assets	<u>42,014,386</u>	<u>20,039,139</u>	<u>62,053,525</u>
Total assets	<u>60,181,134</u>	<u>29,792,122</u>	<u>89,973,256</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension expense	<u>2,172,215</u>	<u>-</u>	<u>2,172,215</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	1,118,514	339,342	1,457,856
Accrued wages	390,856	61,830	452,686
Accrued interest	41,193	117,484	158,677
Current portion of accrued postclosure liability	-	23,000	23,000
Current portion of long-term debt	847,561	835,579	1,683,140
Current portion of capital lease obligation	201,849	-	201,849
Total current liabilities	<u>2,599,973</u>	<u>1,377,235</u>	<u>3,977,208</u>
Noncurrent liabilities -			
Accrued compensated absences	631,622	87,794	719,416
Other postemployment benefits	13,456,887	2,032,922	15,489,809
Net pension liability	5,121,701	-	5,121,701
Accrued postclosure liability	-	161,000	161,000
Long-term debt	15,457,324	10,849,124	26,306,448
Capital lease obligation	1,188,571	-	1,188,571
Total noncurrent liabilities	<u>35,856,105</u>	<u>13,130,840</u>	<u>48,986,945</u>
Total liabilities	<u>38,456,078</u>	<u>14,508,075</u>	<u>52,964,153</u>

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

TOWN OF HARTFORD, VERMONT
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2021
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	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES:			
Customer tax overpayments	127,308	-	127,308
Deferred grant revenue	1,412,678	-	1,412,678
Deferred pension credits	<u>144,786</u>	<u>-</u>	<u>144,786</u>
Total deferred inflows of resources	<u>1,684,772</u>	<u>-</u>	<u>1,684,772</u>
NET POSITION:			
Net investment in capital assets	22,676,134	8,354,436	31,030,570
Restricted	2,937,224	-	2,937,224
Unrestricted	<u>(3,400,859)</u>	<u>6,929,611</u>	<u>3,528,752</u>
Total net position	\$ <u>22,212,499</u>	\$ <u>15,284,047</u>	\$ <u>37,496,546</u>

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

TOWN OF HARTFORD, VERMONT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS:	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Grants and Contributions	Charges for Services	Other	Governmental Activities	Business-type Activities	Totals
Governmental activities -							
General government	\$ 3,267,639	\$ 439,857	\$ 678,949	\$ 208,874	\$ (1,939,959)	\$ -	\$ (1,939,959)
Public safety	7,947,180	3,961,583	1,266,456	20,930	(2,698,211)	-	(2,698,211)
Public works	3,349,759	278,262	2,130	75,477	(2,993,890)	-	(2,993,890)
Health and social services	490,077	-	-	-	(490,077)	-	(490,077)
Parks and recreation	1,731,639	3,678	302,379	23,942	(1,401,640)	-	(1,401,640)
Conservation and development	889,142	587,770	23,182	155	(278,035)	-	(278,035)
Cultural	393,045	-	-	-	(393,045)	-	(393,045)
Interest	451,449	-	-	-	(451,449)	-	(451,449)
Total governmental activities	<u>18,519,930</u>	<u>5,271,150</u>	<u>2,273,096</u>	<u>329,378</u>	<u>(10,646,306)</u>	<u>-</u>	<u>(10,646,306)</u>
Business-type activities -							
Water	1,287,032	-	1,440,189	48	-	153,205	153,205
Wastewater	2,861,470	25,513	2,791,983	3,600	-	(40,374)	(40,374)
Solid waste	721,527	-	442,576	21,140	-	(257,811)	(257,811)
Interest	242,577	-	-	-	-	(242,577)	(242,577)
Total business-type activities	<u>5,112,606</u>	<u>25,513</u>	<u>4,674,748</u>	<u>24,788</u>	<u>-</u>	<u>(387,557)</u>	<u>(387,557)</u>
	<u>\$ 23,632,536</u>	<u>\$ 5,296,663</u>	<u>\$ 6,947,844</u>	<u>\$ 354,166</u>	<u>(10,646,306)</u>	<u>(387,557)</u>	<u>(11,033,863)</u>
GENERAL REVENUES							
- PROPERTY TAXES					14,547,020	-	14,547,020
- INSURANCE RECOVERIES					8,305	-	8,305
- LOSS ON SALE OF CAPITAL ASSETS					(179,294)	-	(179,294)
- INVESTMENT INCOME					107,122	39,687	146,809
TRANSFERS IN (OUT)					<u>(223,138)</u>	<u>223,138</u>	<u>-</u>
					<u>14,260,015</u>	<u>262,825</u>	<u>14,522,840</u>
CHANGE IN NET POSITION					3,613,709	(124,732)	3,488,977
NET POSITION, July 1, 2020					<u>18,598,790</u>	<u>15,408,779</u>	<u>34,007,569</u>
NET POSITION, June 30, 2021					<u>\$ 22,212,499</u>	<u>\$ 15,284,047</u>	<u>\$ 37,496,546</u>

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

TOWN OF HARTFORD, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(Page 1 of 3)

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>TIF Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 16,401,536	\$ 197,493	\$ 4,126,238	\$ -	\$ 68,409	\$ 20,793,676
Investments	-	-	-	-	25,345	25,345
Property taxes receivable	936,254	-	-	-	-	936,254
Accounts receivable, net	849,688	-	-	-	3,097	852,785
Grants receivable	-	115,729	-	272,732	6,655	395,116
Notes receivable	-	1,642,947	-	-	-	1,642,947
Due from other funds	-	106,552	39,737	-	479,155	625,444
	<u>-</u>	<u>106,552</u>	<u>39,737</u>	<u>-</u>	<u>479,155</u>	<u>625,444</u>
Total assets	\$ <u>18,187,478</u>	\$ <u>2,062,721</u>	\$ <u>4,165,975</u>	\$ <u>272,732</u>	\$ <u>582,661</u>	\$ <u>25,271,567</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	\$ 739,593	\$ 106,022	\$ 73,284	\$ 197,585	\$ 2,030	\$ 1,118,514
Accrued wages	390,070	-	-	-	786	390,856
Due to other funds	5,266,423	-	-	195,449	-	5,461,872
	<u>5,266,423</u>	<u>-</u>	<u>-</u>	<u>195,449</u>	<u>-</u>	<u>5,461,872</u>
Total liabilities	<u>6,396,086</u>	<u>106,022</u>	<u>73,284</u>	<u>393,034</u>	<u>2,816</u>	<u>6,971,242</u>

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

TOWN OF HARTFORD, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(Page 2 of 3)

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>TIF Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred property tax revenue	604,063	-	-	-	-	604,063
Customer tax overpayments	127,308	-	-	-	-	127,308
Deferred note revenue	-	1,412,678	-	-	-	1,412,678
Total deferred inflows of resources	<u>731,371</u>	<u>1,412,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,144,049</u>
FUND EQUITY:						
Fund balances -						
Nonspendable	52,857	-	-	-	27,168	80,025
Restricted	2,880,606	544,021	4,092,691	-	613,405	8,130,723
Committed	2,296,651	-	-	-	-	2,296,651
Assigned	2,619,503	-	-	-	-	2,619,503
Unassigned (deficit)	<u>3,210,404</u>	<u>-</u>	<u>-</u>	<u>(120,302)</u>	<u>(60,728)</u>	<u>3,029,374</u>
Total fund balances	<u>11,060,021</u>	<u>544,021</u>	<u>4,092,691</u>	<u>(120,302)</u>	<u>579,845</u>	<u>16,156,276</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>18,187,478</u>	\$ <u>2,062,721</u>	\$ <u>4,165,975</u>	\$ <u>272,732</u>	\$ <u>582,661</u>	\$ <u>25,271,567</u>

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

TOWN OF HARTFORD, VERMONT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021
(Page 3 of 3)

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION:**

Amount reported on Balance Sheet - Governmental Funds - total fund balances	\$ 16,156,276
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because -	
Capital assets used in governmental funds are not financial resources and are therefore not reported in the funds.	
Capital assets	82,039,129
Accumulated depreciation	(41,667,690)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Accrued compensated absences	(631,622)
Other postemployment benefits	(13,456,887)
Accrued interest on long-term debt	(41,193)
Long-term debt	(16,304,885)
Capital lease obligation	(1,390,420)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
Deferred property taxes	604,063
Balances related to net position asset or liability and related deferred outflows/inflows of resources are not reported in the governmental funds.	
Deferred pension expense	2,172,215
Deferred pension credits	(144,786)
Net pension liability	<u>(5,121,701)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u><u>22,212,499</u></u>

The 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, 2021

(Page 1 of 3)

	General Fund	Community Development Fund	TIF Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES:						
Property taxes	\$ 13,944,500	\$ -	\$ 534,489	\$ -	\$ -	\$ 14,478,989
Intergovernmental	731,930	582,084	-	3,939,063	17,524	5,270,601
Fees, licenses and permits	597,490	-	-	-	-	597,490
Charges for goods and services	1,675,799	-	-	-	-	1,675,799
Investment income	82,852	12,820	3,130	-	8,320	107,122
Miscellaneous	153,980	-	152,821	-	22,933	329,734
Total revenues	<u>17,186,551</u>	<u>594,904</u>	<u>690,440</u>	<u>3,939,063</u>	<u>48,777</u>	<u>22,459,735</u>
EXPENDITURES:						
Current -						
General government	1,734,693	-	116,006	-	-	1,850,699
Public safety	7,400,456	-	-	-	7,278	7,407,734
Public works	1,573,010	-	-	-	-	1,573,010
Health and social services	485,390	-	-	-	-	485,390
Parks and recreation	1,044,825	-	-	-	13,493	1,058,318
Conservation and development	518,743	370,399	-	-	-	889,142
Cultural	361,741	-	-	-	-	361,741
Reserve expenditures	90,550	-	-	-	-	90,550
Capital outlay	2,449,068	321,679	540,355	3,939,063	12,999	7,263,164
Debt service - principal - long-term debt	609,512	-	151,300	-	-	760,812
- principal - capital lease	148,026	-	-	-	-	148,026
- interest	348,669	-	102,780	-	-	451,449
Total expenditures	<u>16,764,683</u>	<u>692,078</u>	<u>910,441</u>	<u>3,939,063</u>	<u>33,770</u>	<u>22,340,035</u>

The 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, 2021

(Page 2 of 3)

	<u>General Fund</u>	<u>Community Development Fund</u>	<u>TIF Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
EXCESS OF REVENUES OR (EXPENDITURES)	421,868	(97,174)	(220,001)	-	15,007	119,700
OTHER FINANCING SOURCES (USES):						
Capital lease proceeds	553,231	-	-	-	-	553,231
Loan proceeds	3,177,000	-	2,578,900	-	-	5,755,900
Insurance recoveries	8,305	-	-	-	-	8,305
Interfund transfers in (out), net	<u>(183,398)</u>	<u>-</u>	<u>(39,740)</u>	<u>-</u>	<u>-</u>	<u>(223,138)</u>
Total other financing sources (uses)	<u>3,555,138</u>	<u>-</u>	<u>2,539,160</u>	<u>-</u>	<u>-</u>	<u>6,094,298</u>
NET CHANGE IN FUND BALANCES	3,977,006	(97,174)	2,319,159	-	15,007	6,213,998
FUND BALANCES (DEFICIT) , July 1, 2020	<u>7,083,015</u>	<u>641,195</u>	<u>1,773,532</u>	<u>(120,302)</u>	<u>564,838</u>	<u>9,942,278</u>
FUND BALANCES (DEFICIT), June 30, 2021	\$ <u>11,060,021</u>	\$ <u>544,021</u>	\$ <u>4,092,691</u>	\$ <u>(120,302)</u>	\$ <u>579,845</u>	\$ <u>16,156,276</u>

The 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, 2021

(Page 3 of 3)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:**

Net change in fund balances - total governmental funds	\$ 6,213,998
Amounts reported for governmental activities in the Government-wide Statement of Activities are different because - of Activities are different because -	
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 as depreciation expense.	
Additions to capital assets, net of dispositions	7,147,259
Depreciation	(3,266,992)
The issuance of long-term debt 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 has any effect on net position.	
(Increase) decrease in compensated absences	(59,294)
(Increase) decrease in other postemployment benefits	(352,850)
(Increase) decrease in accrued interest on long-term debt	(8,488)
Proceeds from long-term debt	(5,755,900)
Proceeds from capital lease	(553,231)
Principal payments on long-term debt	760,812
Principal payments on capital lease	148,026
Property tax revenue in governmental funds includes deferred revenue of the prior year but excludes deferred revenue of the current year as taxes uncollected within 60 days are unavailable at year end.	
Prior year - deferred property taxes	(536,032)
Current year - deferred property taxes	604,063
Changes in net pension asset or liability and related deferred outflows/inflows of resources will increase or decrease the amounts reported in the government-wide statements, but are only recorded as an expenditure when paid in the governmental funds.	
Net (increase) decrease in net pension obligation	<u>(727,662)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u><u>3,613,709</u></u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

(Page 1 of 3)

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over (Under) <u>(Under)</u>
REVENUES:			
Property taxes	\$ 14,240,834	\$ 13,944,500	\$ (296,334)
Intergovernmental	415,025	731,930	316,905
Fees, licenses and permits	372,272	597,490	225,218
Charges for services	1,692,413	1,675,799	(16,614)
Investment income	54,000	82,852	28,852
Fund balance carryforward	742,472	-	(742,472)
Miscellaneous	<u>92,815</u>	<u>153,980</u>	<u>61,165</u>
Total revenues	<u>17,609,831</u>	<u>17,186,551</u>	<u>(423,280)</u>
EXPENDITURES:			
General government -			
Selectboard	69,109	148,030	78,921
Boards and commissions	58,745	40,201	(18,544)
Administrative manager	466,752	333,275	(133,477)
Election administration	27,739	23,150	(4,589)
Advice and litigation	50,000	21,612	(28,388)
Vital statistics	191,380	181,324	(10,056)
Municipal offices	89,917	96,203	6,286
Financial management	394,235	379,433	(14,802)
Auditing	37,000	39,500	2,500
Valuation	201,069	189,443	(11,626)
Delinquent tax collection	37,908	22,500	(15,408)
Information technology	201,477	191,067	(10,410)
Miscellaneous	<u>-</u>	<u>73,975</u>	<u>73,975</u>
Total general government	<u>1,825,331</u>	<u>1,739,713</u>	<u>(85,618)</u>
Public safety -			
Police services	3,279,285	2,821,230	(458,055)
Special duty police	-	602	602
Emergency services	3,882,612	3,836,522	(46,090)
Dispatch services	1,060,798	878,296	(182,502)
County judicial services	<u>104,043</u>	<u>107,614</u>	<u>3,571</u>
Total public safety	<u>8,326,738</u>	<u>7,644,264</u>	<u>(682,474)</u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

(Page 2 of 3)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
EXPENDITURES (CONTINUED):			
Public works -			
Summer maintenance	1,308,770	704,641	(604,129)
Winter maintenance	706,770	601,030	(105,740)
Bridge maintenance	4,878	36,433	31,555
Street and traffic lighting	56,440	49,298	(7,142)
Traffic control	35,500	16,416	(19,084)
Sidewalk maintenance	56,000	70,703	14,703
Equipment operation and maintenance	455,597	389,236	(66,361)
General highway	<u>223,891</u>	<u>206,834</u>	<u>(17,057)</u>
Total public works	<u>2,847,846</u>	<u>2,074,591</u>	<u>(773,255)</u>
Health and social services -			
Cemeteries	102,800	103,103	303
Trees	1,000	-	(1,000)
Health inspection	1,641	18,110	16,469
Community health	69,532	69,532	-
Mental health services	7,000	7,000	-
Senior services	152,702	137,350	(15,352)
Low income services	9,000	9,000	-
Youth and adult services	24,445	24,445	-
General appropriated services	<u>121,750</u>	<u>121,750</u>	<u>-</u>
Total health and social services	<u>489,870</u>	<u>490,290</u>	<u>420</u>
Parks and recreation -			
Program administration	236,892	226,175	(10,717)
Swim program	2,310	6,149	3,839
Youth program	270,983	251,742	(19,241)
Adult program	18,963	3,394	(15,569)
Community activities	51,470	18,011	(33,459)
Parks maintenance	229,973	216,348	(13,625)
Buildings maintenance	11,930	8,327	(3,603)
Maxfield sports grounds	140,113	64,723	(75,390)
Maxfield sports buildings	16,808	16,255	(553)
Barwood arena	304,140	315,584	11,444
Welcome center	<u>67,438</u>	<u>7,726</u>	<u>(59,712)</u>
Total parks and recreation	<u>1,351,020</u>	<u>1,134,434</u>	<u>(216,586)</u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

(Page 3 of 3)

	Original and Final <u>Budget</u>	Actual (Budgetary Basis) <u>Basis)</u>	Variance Over <u>(Under)</u>
EXPENDITURES (CONTINUED):			
Planning and development -			
Conservation	2,805	1,275	(1,530)
Zoning	117,857	110,544	(7,313)
Planning and development	461,595	400,172	(61,423)
Housing and community development	5,150	954	(4,196)
Historic preservation	3,265	2,074	(1,191)
Energy	6,205	2,439	(3,766)
Resilience	1,760	1,285	(475)
Total conservation and development	<u>598,637</u>	<u>518,743</u>	<u>(79,894)</u>
Cultural -			
Library services	1,929	-	(1,929)
Library appropriations	361,741	361,741	-
Total cultural	<u>363,670</u>	<u>361,741</u>	<u>(1,929)</u>
Employee insurance costs	-	6,182	6,182
Capital expenditures	201,819	1,342,908	1,141,089
Reserve expenditures	-	529,912	529,912
Debt service -			
Debt service - principal	609,512	609,511	(1)
Debt service - interest	312,394	312,394	-
Total debt service	<u>921,906</u>	<u>921,905</u>	<u>(1)</u>
Total expenditures	<u>16,926,837</u>	<u>16,764,683</u>	<u>(162,154)</u>
EXCESS OF REVENUES OR (EXPENDITURES)	682,994	421,868	(261,126)
OTHER FINANCING SOURCES (USES):			
Capital lease proceeds	-	553,231	553,231
Loan proceeds	-	3,177,000	3,177,000
Insurance recoveries	-	8,305	8,305
Interfund transfers in (out), net	(682,994)	(183,398)	499,596
Total other financing sources (uses)	<u>(682,994)</u>	<u>3,555,138</u>	<u>4,238,132</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>3,977,006</u>	\$ <u>3,977,006</u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Water</u> <u>Fund</u>	<u>Wastewater</u> <u>Fund</u>	<u>Solid Waste</u> <u>Fund</u>	<u>Totals</u> <u>Proprietary</u> <u>Funds</u>
ASSETS:				
Current assets -				
Cash and cash equivalents	\$ 964,199	\$ 2,598,418	\$ 478,893	\$ 4,041,510
Accounts receivable, net	288,919	580,806	5,320	875,045
Due from other funds	<u>1,961,756</u>	<u>2,706,453</u>	<u>168,219</u>	<u>4,836,428</u>
Total current assets	<u>3,214,874</u>	<u>5,885,677</u>	<u>652,432</u>	<u>9,752,983</u>
Noncurrent assets -				
Capital assets	15,518,385	40,104,787	2,372,457	57,995,629
less - accumulated depreciation	<u>(8,297,402)</u>	<u>(27,526,735)</u>	<u>(2,132,353)</u>	<u>(37,956,490)</u>
Total noncurrent assets	<u>7,220,983</u>	<u>12,578,052</u>	<u>240,104</u>	<u>20,039,139</u>
Total assets	<u>10,435,857</u>	<u>18,463,729</u>	<u>892,536</u>	<u>29,792,122</u>
LIABILITIES:				
Current liabilities -				
Accounts payable	91,492	206,638	41,212	339,342
Accrued interest	42,121	75,363	-	117,484
Accrued wages	21,938	34,255	5,637	61,830
Current portion of accrued postclosure liability	-	-	23,000	23,000
Current portion of long-term debt	<u>217,096</u>	<u>618,483</u>	<u>-</u>	<u>835,579</u>
Total current liabilities	<u>372,647</u>	<u>934,739</u>	<u>69,849</u>	<u>1,377,235</u>
Noncurrent liabilities -				
Accrued compensated absences	30,808	53,422	3,564	87,794
Other postemployment benefits	604,275	1,309,710	118,937	2,032,922
Accrued postclosure liability	-	-	161,000	161,000
Long-term debt	<u>2,772,564</u>	<u>8,076,560</u>	<u>-</u>	<u>10,849,124</u>
Total noncurrent liabilities	<u>3,407,647</u>	<u>9,439,692</u>	<u>283,501</u>	<u>13,130,840</u>
Total liabilities	<u>3,780,294</u>	<u>10,374,431</u>	<u>353,350</u>	<u>14,508,075</u>
NET POSITION:				
Net investment in capital assets	4,231,323	3,883,009	240,104	8,354,436
Unrestricted	<u>2,424,240</u>	<u>4,206,289</u>	<u>299,082</u>	<u>6,929,611</u>
Total net position	<u>\$ 6,655,563</u>	<u>\$ 8,089,298</u>	<u>\$ 539,186</u>	<u>\$ 15,284,047</u>

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

TOWN OF HARTFORD, VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Water Fund	Wastewater Fund	Solid Waste Fund	Totals Proprietary Funds
OPERATING REVENUES:				
Charges for services	\$ 1,440,189	\$ 2,791,983	\$ 442,576	\$ 4,674,748
Miscellaneous	<u>48</u>	<u>3,600</u>	<u>21,140</u>	<u>24,788</u>
Total operating revenues	<u>1,440,237</u>	<u>2,795,583</u>	<u>463,716</u>	<u>4,699,536</u>
OPERATING EXPENSES:				
Operation and maintenance	316,578	775,346	465,771	1,557,695
Salaries and benefits	577,251	949,811	191,251	1,718,313
Depreciation	<u>393,203</u>	<u>1,136,313</u>	<u>64,505</u>	<u>1,594,021</u>
Total operating expenses	<u>1,287,032</u>	<u>2,861,470</u>	<u>721,527</u>	<u>4,870,029</u>
Operating income (loss)	<u>153,205</u>	<u>(65,887)</u>	<u>(257,811)</u>	<u>(170,493)</u>
NONOPERATING REVENUES (EXPENSES):				
Capital contribution	-	25,513	-	25,513
Investment income	11,028	26,816	1,843	39,687
Interest expense	<u>(70,389)</u>	<u>(172,188)</u>	<u>-</u>	<u>(242,577)</u>
Total nonoperating revenues (expenses)	<u>(59,361)</u>	<u>(119,859)</u>	<u>1,843</u>	<u>(177,377)</u>
INCOME (LOSS) BEFORE TRANSFERS	93,844	(185,746)	(255,968)	(347,870)
Operating transfers in	-	-	250,000	250,000
Operating transfers out	<u>-</u>	<u>(26,862)</u>	<u>-</u>	<u>(26,862)</u>
Operating transfers, net	<u>-</u>	<u>(26,862)</u>	<u>250,000</u>	<u>223,138</u>
CHANGE IN NET POSITION	93,844	(212,608)	(5,968)	(124,732)
NET POSITION, July 1, 2020	<u>6,561,719</u>	<u>8,301,906</u>	<u>545,154</u>	<u>15,408,779</u>
NET POSITION, June 30, 2021	\$ <u>6,655,563</u>	\$ <u>8,089,298</u>	\$ <u>539,186</u>	\$ <u>15,284,047</u>

The 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, 2021

(Page 1 of 2)

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Totals Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 1,405,062	\$ 2,723,765	\$ 482,620	\$ 4,611,447
Cash paid to suppliers for goods and services	(366,929)	(589,966)	(483,701)	(1,440,596)
Cash paid to employees for services	<u>(554,576)</u>	<u>(913,322)</u>	<u>(194,233)</u>	<u>(1,662,131)</u>
Net cash provided (used) by operating activities	<u>483,557</u>	<u>1,220,477</u>	<u>(195,314)</u>	<u>1,508,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of capital assets	(880,782)	(758,248)	-	(1,639,030)
Capital contributions	-	25,513	-	25,513
Proceeds from long-term debt	733,807	405,248	-	1,139,055
Transfers in (out)	-	(46,800)	-	(46,800)
Principal paid on bonds	(260,090)	(697,971)	-	(958,061)
Interest paid on bonds	<u>(70,389)</u>	<u>(172,188)</u>	<u>-</u>	<u>(242,577)</u>
Net cash provided (used) by capital and related financing activities	<u>(477,454)</u>	<u>(1,244,446)</u>	<u>-</u>	<u>(1,721,900)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	-	19,938	250,000	269,938
Change in due to/from other funds	<u>(201,674)</u>	<u>(74,263)</u>	<u>(59,994)</u>	<u>(335,931)</u>
Net cash provided (used) by noncapital financing activities	<u>(201,674)</u>	<u>(54,325)</u>	<u>190,006</u>	<u>(65,993)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	<u>11,028</u>	<u>26,816</u>	<u>1,843</u>	<u>39,687</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(184,543)	(51,478)	(3,465)	(239,486)
CASH AND CASH EQUIVALENTS, July 1, 2020	<u>1,148,742</u>	<u>2,649,896</u>	<u>482,358</u>	<u>4,280,996</u>
CASH AND CASH EQUIVALENTS, June 30, 2021	\$ <u>964,199</u>	\$ <u>2,598,418</u>	\$ <u>478,893</u>	\$ <u>4,041,510</u>

The 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, 2021

(Page 2 of 2)

	<u>Water</u> <u>Fund</u>	<u>Wastewater</u> <u>Fund</u>	<u>Solid Waste</u> <u>Fund</u>	Totals <u>Proprietary</u> <u>Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 153,205	\$ (65,887)	\$ (257,811)	\$ (170,493)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	393,203	1,136,313	64,505	1,594,021
(Increase) decrease in accounts receivable	(35,175)	(71,818)	18,904	(88,089)
Increase (decrease) in -				
Accounts payable	(92,472)	110,017	5,070	22,615
Accrued interest	42,121	75,363	-	117,484
Accrued postclosure liability	-	-	(23,000)	(23,000)
Accrued wages	3,123	3,899	(2,033)	4,989
Other postemployment benefits	17,386	28,853	8,775	55,014
Accrued compensated absences	<u>2,166</u>	<u>3,737</u>	<u>(9,724)</u>	<u>(3,821)</u>
Net cash provided (used) by operating activities	\$ <u>483,557</u>	\$ <u>1,220,477</u>	\$ <u>(195,314)</u>	\$ <u>1,508,720</u>

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

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies:

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 Selectboard/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, public improvements, and utility operations (solid waste, water and wastewater).

- A. Reporting entity - The Town is a primary unit of government under reporting criteria established by the Governmental Accounting Standards Board (GASB). Those criteria include a separately elected governing body, separate legal standing, and fiscal independence from other state and local governmental entities. Based on these criteria, there are no other entities which are component units of the Town.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing *Governmental Accounting and Financial Reporting Standards* which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes U.S. GAAP for governmental units.

- B. Government-wide and fund financial statements - The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

In the government-wide Statement of Net Position, the financial position of the Town is consolidated and incorporates capital assets as well as long-term debt and obligations. The government-wide Statement of Activities reflects both the gross and net costs by category. Direct expenses that are clearly identifiable with the category are offset by program revenues of the category. Program revenues include charges for services provided by a particular function or program and grants that are restricted to meeting the operational or capital requirements of the particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are summarized in a single column as combined in the supplementary schedules.

- C. Basis of presentation - The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund balances or net position, revenues, and expenditures or expenses, as appropriate.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies (continued):

C. Basis of presentation (continued) -

The Town reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Community Development Fund - The Community Development Fund is used to account for community development grant programs and the Hartford Business Revolving Loan Fund.

TIF Fund - The TIF Fund is used to account for infrastructure improvements (streets, sidewalks, storm water management) in the specified Tax Increment Financing District (TIF).

Capital Projects Fund - The Capital Projects Fund is used to account for public works infrastructure improvements funded by outside funding sources such as bonds and grants.

The Town reports the following major proprietary funds:

Water Fund - The Water Fund is used to account for the Town's water operations.

Wastewater Fund - The Wastewater Fund is used to account for the Town's wastewater operations.

The Town also reports the Solid Waste Fund, a nonmajor proprietary fund, to account for the Town's solid waste operations.

D. Measurement focus and basis of accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures generally are recorded when the fund liability is incurred, if measurable, as under accrual accounting. However, debt service expenditures are recorded only when payment is made.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Unbilled service revenue is accrued in the Water and Wastewater Funds.

Property taxes are recorded as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received because they are generally not measurable prior to collection. Investment earnings and certain intergovernmental grants are recorded as earned.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies (continued):

D. Measurement focus and basis of accounting (continued) -

Ambulance service revenue is recognized as billed. Accounts receivable for ambulance services are reviewed and adjusted for collectability on a routine basis. Allowances for doubtful accounts are established as considered necessary.

Receivables are shown net of an allowance for doubtful accounts, which are estimated losses based on the judgment of management and a review of the current status of existing receivables.

E. Budgets and budgetary accounting - The Town approves a budget for the General Fund at an annual Town Meeting. The tax rate is determined by the Selectboard (the Board) based on the education and municipal grant lists and the approved operating budget. The accounting method used for budget presentation is the same method used for the financial presentation of operations under U.S. GAAP. Formal budgetary integration is employed as a management control during the year for the General Fund. The Town's department heads may adjust appropriations within their department, while adjustments between departments can only be made with the approval of the Town Manager and Finance Director. The legal level of budgetary control is at the department level. No formal amendments were made to the budget that was approved and adopted. The Town does not legally adopt budgets for other governmental funds. All budgeted amounts lapse at year end.

F. Property taxes - Property taxes attach as an enforceable lien on property owned as of April 1st. Listers establish a grand list of all property and the Board sets the tax rate required to raise the tax revenue authorized by Town and School District voters and the Vermont Agency of Education. Property taxes for the fiscal year ended June 30, 2021, were payable in two installments due August 14, 2020 and February 5, 2021.

G. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

H. Risk management - The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; environmental liability; and natural disasters. The Town manages these risks through participation in public entity risk pools covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. There were no settlements in excess of the insurance coverage in any of the past three fiscal years.

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 \$5,927, in unemployment claims during the year end June 30, 2021.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of significant accounting policies (continued):

- I. Cash, cash equivalents and investments - The Town considers all cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents. Investments and unrealized gains and losses are reflected in the individual fund and government-wide financial statements. Investments of the Town are reported at fair value using quoted prices in active markets for identical assets. This is considered a level 1 input valuation technique under the framework established by U.S. GAAP for measuring fair value. The Town does not own investments valued with level 2 or level 3 inputs, which would use quoted prices for similar assets, or in inactive markets, or other methods for estimating fair value.
- J. Capital assets - Capital assets, which include land, buildings, equipment, vehicles and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$10,000 for land and improvements, \$20,000 for buildings and improvements, \$5,000 for vehicles and equipment, and \$20,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Town does not retroactively report infrastructure assets. The Town began capitalizing newly acquired or constructed general infrastructure assets since the implementation of GASB Statement No. 34. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs are capitalized on projects during the construction period. Normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized. Capital assets are depreciated using the straight-line method over the useful lives shown below:
- | | |
|----------------------------|---------------|
| Land improvements | 10 - 50 years |
| Buildings and improvements | 10 - 75 years |
| Vehicles and equipment | 3 - 25 years |
| Infrastructure | 20 - 75 years |
- K. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources are reported as separate sections in the applicable statement of net position or balance sheet. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.
- L. Compensated absences - It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. 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. Governmental funds report compensated absences as an expenditure when the benefit is paid. No liability is reported for earned but unused sick time because it is not a vested benefit.

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

1. Summary of significant accounting policies (continued):

- M. Other postemployment benefits (OPEB) - The Town provides postemployment benefits for health insurance coverage for any employee who was hired prior to January 1, 2013, 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 funds report other postemployment benefits as an expenditure when the benefit is paid.
- N. Long-term obligations - Governmental activities, business-type activities, or proprietary funds report long-term debt and other long-term obligations as liabilities in the applicable statement of net position. Governmental funds report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.
- O. Fund equity - In the fund financial statements, governmental funds may report five categories of fund balances: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts associated with inventory, prepaid expenditures, long-term loans or notes receivable, and trust fund principal to be held in perpetuity.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes determined by the Town's highest level of decision making authority, the voters, as a result of articles passed at Annual or Special Meetings.

Assigned fund balance includes amounts that are intended to be used by the Town for specific purposes as authorized by the Board.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in another classification. Deficits are also classified as unassigned.

The Town's policy is to apply expenditures to fund balance in the order of restricted, committed, assigned and unassigned unless the Board specifies otherwise.

2. Deposits and investments:

Fair value and classification - Deposits and investments are stated at fair value as described in note 1.I. The classification of investments as of June 30, 2021, is as follows:

<u>Investment</u>	<u>Fair Value</u>
Mutual funds	\$ <u>25,345</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2. Deposits and investments (continued):

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The Town does not have a policy for custodial credit risk. As of June 30, 2021, \$5,894,988.95 of the Town's bank balance of \$27,978,961 was uninsured and uncollateralized.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2021, the Town does not hold more than 5% of its investments in any one issuer, other than mutual funds.

3. Notes receivable:

The Town, through various federal loan programs, has received grants and advanced funds to encourage community development. These loans, generally secured by subordinated collateral positions, are recorded as notes receivable. Notes receivable as of June 30, 2021, are as follows:

Loan, secured, to Piecemeal LLC, interest at 5.5%, monthly payments of \$812, matures June 2021, extended to December 2021 due to Covid-19.	\$ 5,127
Loan, secured, to Vermod Real Estate Holdings, LLC, interest at 5.25%, monthly payments of \$337, matures February 2026, extended to August 2026 due to Covid-19.	41,181
Loan, secured and guaranteed, to West Hartford Village Store, interest at 2.0%, monthly payments of \$125, matures April 2025, extended to October 2025 due to Covid-19.	6,426
Loan, secured, to KAG Hartford RE, LLC, interest at 5.75%, monthly payments of \$1,053, matures July 2023, extended to January 2024 due to Covid-19.	139,624
Loan, secured and guaranteed, to Tafts Flat Properties, LLC, interest at 8.50%, monthly payments of \$1,026, matures July 2024, extended to January 2025 due to Covid-19.	37,911
Loan, secured by a mortgage, to Upper Valley Housing Associates, with no interest, monthly payments beginning January 2034, matures December 2059.	640,000
Loan, secured, to Hartford Scattered Site LP, with no interest, no payments until maturity, matures March 2036.	378,433
Loan, secured, to Bridge and Main Housing L.P., with no interest, no payments until maturity, matures October 2047.	394,245
	<u>\$ 1,642,947</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. Capital assets:

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities -				
Capital assets, not depreciated:				
Construction in progress	\$ 3,818,801	\$ 6,021,527	\$ 476,196	\$ 9,364,132
Land	<u>1,431,658</u>	<u>-</u>	<u>-</u>	<u>1,431,658</u>
Total capital assets, not depreciated	<u>5,250,459</u>	<u>6,021,527</u>	<u>476,196</u>	<u>10,795,790</u>
Capital assets, depreciated:				
Land improvements	1,336,946	316,378	-	1,653,324
Buildings and improvements	19,779,127	123,486	53,202	19,849,411
Vehicles and equipment	10,787,441	802,336	591,272	10,998,505
Infrastructure	<u>38,203,077</u>	<u>539,022</u>	<u>-</u>	<u>38,742,099</u>
Total capital assets, depreciated	<u>70,106,591</u>	<u>1,781,222</u>	<u>644,474</u>	<u>71,243,339</u>
Less accumulated depreciation for:				
Land improvements	504,121	48,103	-	552,224
Buildings and improvements	6,562,400	849,765	51,336	7,360,829
Vehicles and equipment	7,229,889	922,427	413,844	7,738,472
Infrastructure	<u>24,569,468</u>	<u>1,446,697</u>	<u>-</u>	<u>26,016,165</u>
Total accumulated depreciation	<u>38,865,878</u>	<u>3,266,992</u>	<u>465,180</u>	<u>41,667,690</u>
Total capital assets, depreciated, net	<u>31,240,713</u>	<u>(1,485,770)</u>	<u>179,294</u>	<u>29,575,649</u>
Capital assets, net, governmental activities	<u>36,491,172</u>	<u>4,535,757</u>	<u>655,490</u>	<u>40,371,439</u>
Business-type activities -				
Capital assets, not depreciated:				
Construction in progress	1,121,177	1,432,232	-	2,553,409
Land	<u>424,307</u>	<u>-</u>	<u>-</u>	<u>424,307</u>
Total capital assets, not depreciated	<u>1,545,484</u>	<u>1,432,232</u>	<u>-</u>	<u>2,977,716</u>
Capital assets, depreciated:				
Land improvements	147,002	-	-	147,002
Buildings and improvements	27,858,484	-	-	27,858,484
Vehicles and equipment	1,284,846	147,194	18,830	1,413,210
Infrastructure	<u>25,539,613</u>	<u>59,604</u>	<u>-</u>	<u>25,599,217</u>
Total capital assets, depreciated	<u>54,829,945</u>	<u>206,798</u>	<u>18,830</u>	<u>55,017,913</u>
Less accumulated depreciation for:				
Land improvements	104,830	5,520	-	110,350
Buildings and improvements	18,693,915	861,512	-	19,555,427
Vehicles and equipment	1,180,809	70,051	18,830	1,232,030
Infrastructure	<u>16,401,745</u>	<u>656,938</u>	<u>-</u>	<u>17,058,683</u>
Total accumulated depreciation	<u>36,381,299</u>	<u>1,594,021</u>	<u>18,830</u>	<u>37,956,490</u>
Total capital assets, depreciated, net	<u>18,448,646</u>	<u>(1,387,223)</u>	<u>-</u>	<u>17,061,423</u>
Capital assets, net, business-type activities	<u>19,994,130</u>	<u>45,009</u>	<u>-</u>	<u>20,039,139</u>
Capital assets, net	\$ <u>56,485,302</u>	\$ <u>4,580,766</u>	\$ <u>655,490</u>	\$ <u>60,410,578</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4. Capital assets (continued):

Depreciation expense of \$3,266,992 in the governmental activities was allocated to expenses of the general government (\$178,096), public safety (\$602,835), public works (\$1,776,749), health and social services (\$4,687), parks and recreation (\$673,321) and cultural (\$31,304) programs based on capital assets assigned to those functions.

Depreciation expense of \$1,594,021 in the business-type activities was allocated to expenses of the water (\$393,203), wastewater (\$1,136,313) and solid waste (\$64,505) programs based on capital assets assigned to those functions.

5. Interfund receivable and payable balances:

Interfund receivable and payable balances, due to the pooling of cash for cash receipts and disbursements, as of June 30, 2021, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds -		
General Fund	\$ -	\$ 5,266,423
Community Development Fund	106,552	-
TIF Fund	39,737	-
Capital Projects Fund	-	195,449
Other Governmental Funds	<u>479,155</u>	<u>-</u>
	<u>625,444</u>	<u>5,461,872</u>
Proprietary funds -		
Water Fund	1,961,756	-
Wastewater Fund	2,706,453	-
Solid Waste Fund	<u>168,219</u>	<u>-</u>
	<u>4,836,428</u>	<u>-</u>
	<u>\$ 5,461,872</u>	<u>\$ 5,461,872</u>

6. Interfund transfers:

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Interfund transfers for the year ended June 30, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds -		
General Fund	\$ 66,602	\$ 250,000
TIF Fund	<u>-</u>	<u>39,740</u>
	<u>66,602</u>	<u>289,740</u>
Proprietary funds -		
Wastewater Fund		26,862
Solid Waste Fund	<u>250,000</u>	<u>-</u>
	<u>\$ 316,602</u>	<u>\$ 316,602</u>

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

6. Interfund transfers (continued):

Transfers from the General Fund to the Solid Waste Fund of \$250,000 were included in the approved budget to support operations of the Solid Waste Fund. Transfers from the TIF Fund and Wastewater Fund to the General Fund of \$39,740 and \$26,862, respectively.

7. Long-term obligations:

Long-term obligations activity for the year ended June 30, 2021, was as follows:

	Balance			Balance		
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within</u>	
					<u>One Year</u>	
Governmental activities -						
Accrued compensated absences	\$ 572,328	\$ 59,294	\$ -	\$ 631,622	\$ 157,906	
Other postemployment benefits	13,104,037	352,850	-	13,456,887	-	
Net pension liability	3,472,599	1,649,102	-	5,121,701	-	
Long-term debt	11,309,797	5,755,900	760,812	16,304,885	847,561	
Capital lease obligation	985,215	553,231	148,026	1,390,420	-	
	<u>\$ 29,443,976</u>	<u>\$ 8,370,377</u>	<u>\$ 908,838</u>	<u>\$ 36,905,515</u>	<u>\$ 1,005,467</u>	
Business-type activities -						
Accrued compensated absences	\$ 91,615	\$ -	\$ 3,821	\$ 87,794	\$ 21,949	
Other postemployment benefits	1,977,908	55,014	-	2,032,922	-	
Accrued postclosure liability	207,000	-	23,000	184,000	23,000	
Long-term debt	11,503,709	1,139,055	958,061	11,684,703	835,579	
	<u>\$ 13,780,232</u>	<u>\$ 1,194,069</u>	<u>\$ 984,882</u>	<u>\$ 13,989,419</u>	<u>\$ 880,528</u>	
Total long-term obligations	<u>\$ 43,224,208</u>	<u>\$ 9,564,446</u>	<u>\$ 1,893,720</u>	<u>\$ 50,894,934</u>	<u>\$ 1,885,994</u>	

8. Landfill closure and postclosure care 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 and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for 30 years after closure and report monitoring results to the state regulatory agency. An estimated liability, estimated by the Town's engineers, of \$184,000 has been recognized in accrued postclosure liability for the future postclosure care costs. The Town is required to annually appropriate funds to finance postclosure care of the facility. The Town also maintains cash set aside to fund future postclosure care expenses. The balance of this cash account at June 30, 2021, was \$370,222. The estimate is based on the amount that would be paid if all equipment, facilities and services required to monitor and maintain the landfill were acquired as of June 30, 2021. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

9. Debt:

Short-term - In the prior year, the Town obtained a line of credit in the form of a 2.8% promissory note in the amount of \$3,000,000 which matured in April 2021. The Town did not borrow on this note.

During the year, the Town obtained a line of credit in the form of a 2.8% grant anticipation note in the amount of \$9,200,000 which matures in July 2021. Subsequent to year end the Town renewed this grant anticipation note, extending the maturity date to March 2022. As of the date of this report, the Town has not yet borrowed on this note.

Long-term - Outstanding long-term debt as of June 30, 2021, is as follows:

Governmental activities - notes from direct borrowings:

General obligation note, Vermont Municipal Bond Bank - 2012 Series 1, various interest rates, annual principal payment of \$56,761, due November 2032.	\$ 681,135
General obligation note, Vermont Municipal Bond Bank - 2017 Series 4, various interest rates, annual principal payment of \$307,750, due November 2033.	4,000,750
General obligation note, Vermont Municipal Bond Bank - 2014 Series 3, various interest rates, annual principal payment of \$45,000, due November 2034.	630,000
General obligation note, Vermont Municipal Bond Bank - 2014 Series 3, various interest rates, annual principal payment of \$245,000, due November 2034.	3,430,000
General obligation note, Vermont Municipal Bond Bank - 2017 Series 3, various interest rates, annual principal payment of \$106,300, due November 2037.	1,807,100
General obligation note, Vermont Municipal Bond Bank - 2020 Series 2, various interest rates, annual principal payment of \$86,750, due November 2040.	1,735,000
General obligation note, Vermont Municipal Bond Bank - 2021 Series 1, various interest rates, annual principal payment of \$42,195, due November 2041.	843,900
General obligation note, Vermont Municipal Bond Bank - 2021 Series 1, various interest rates, annual principal payment of \$158,850, due November 2041.	<u>3,177,000</u>
	\$ <u>16,304,885</u>

Business-type activities - notes from direct borrowings:

General obligation note, Vermont Municipal Bond Bank - RF3-069, interest at 1%, admin fee at 2%, annual payment of \$180,152, due June 2026.	\$ 796,579
General obligation note, Vermont Municipal Bond Bank - AR1-006, no interest, admin fee at 2%, annual payment of \$40,797, due September 2031.	390,646
General obligation note, Vermont Municipal Bond Bank - AR1-099, no interest, admin fee at 2%, annual payment of \$464,167, due June 2033.	4,511,468
General obligation note, Vermont Municipal Bond Bank - AR1-041, no interest, admin fee at 2%, annual payment of \$327,396, due September 2032.	3,204,000

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

9. Debt (continued):

Long-term (continued) -

Business-type activities - notes from direct borrowings (continued):

General obligation note, Vermont Municipal Bond Bank - RF3-329, interest at 1%, admin fee at 2%, annual payment of \$97,460, due October 2037.	1,459,274
General obligation note, Vermont Municipal Bond Bank - RF1-188, no interest or admin fee, annual payment of \$3,484, due September 2032.	69,675
General obligation note, Vermont Municipal Bond Bank - RF1-202, no interest or admin fee, annual payment of \$1,569 (based on current borrowings), due June 2027.	15,687
General obligation note, Vermont Municipal Bond Bank - RF1-222, no interest, admin fee at 2%, annual payments of \$20,139, (based on current borrowings), due December 2050.	451,039
General obligation note, Vermont Municipal Bond Bank - RF3-390, interest at 1%, admin fee at 2%, annual payments of \$37,438, (based on current borrowings), due August 2051.	733,807
General obligation note, Vermont Municipal Bond Bank - RF1-271, no interest or admin fee, due December 2025.	<u>52,528</u>
	<u>\$ 11,684,703</u>

Long-term debt activity for the year ended June 30, 2021, was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities -					
Notes from direct borrowings:					
VMBB - 2012 Series 1	\$ 737,897	\$ -	\$ 56,762	\$ 681,135	\$ 56,761
VMBB - 2017 Series 4	4,308,500	-	307,750	4,000,750	307,750
VMBB - 2014 Series 3	675,000	-	45,000	630,000	45,000
VMBB - 2014 Series 3	3,675,000	-	245,000	3,430,000	245,000
VMBB - 2017 Series 3	1,913,400	-	106,300	1,807,100	106,300
VMBB - 2020 Series 2	-	1,735,000	-	1,735,000	86,750
VMBB - 2021 Series 1	-	843,900	-	843,900	-
VMBB - 2021 Series 1	-	3,177,000	-	3,177,000	-
	<u>11,309,797</u>	<u>5,755,900</u>	<u>760,812</u>	<u>16,304,885</u>	<u>847,561</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

9. Debt (continued):

Long-term (continued) -

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2021</u>	Due Within <u>One Year</u>
Business-type activities -					
Notes from direct borrowings:					
RF3-069	942,248	-	145,669	796,579	150,039
AR1-006	431,443	-	40,797	390,646	32,103
AR1-099	4,841,246	-	329,778	4,511,468	336,373
AR1-041	3,531,396	-	327,396	3,204,000	238,889
RF3-329	1,573,695	-	114,421	1,459,274	67,057
RF1-188	69,675	-	-	69,675	-
RF1-202	15,687	-	-	15,687	-
RF1-222	98,319	352,720	-	451,039	11,118
RF3-390	-	733,807	-	733,807	-
RF1-271	-	52,528	-	52,528	-
	<u>11,503,709</u>	<u>1,139,055</u>	<u>958,061</u>	<u>11,684,703</u>	<u>835,579</u>
	\$ <u>22,813,506</u>	\$ <u>6,894,955</u>	\$ <u>1,718,873</u>	\$ <u>27,989,588</u>	\$ <u>1,683,140</u>

Debt service requirements to maturity are as follows:

Year ending June 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Notes from Direct Borrowings</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 847,561	\$ 489,696	\$ 835,579	\$ 238,819
2023	1,048,606	447,574	879,298	241,950
2024	1,048,606	423,303	929,564	222,162
2025	1,048,606	383,614	914,982	201,907
2026	1,048,606	350,140	988,244	181,172
2027-2031	5,243,032	1,346,948	4,077,479	631,007
2032-2036	4,167,248	516,109	2,118,440	229,650
2037-2041	1,651,575	130,410	413,815	95,742
2042-2046	201,045	2,916	229,568	58,318
2047-2051	-	-	261,386	26,500
2052	-	-	36,348	1,090
	<u>\$ 16,304,885</u>	<u>\$ 4,090,710</u>	<u>\$ 11,684,703</u>	<u>\$ 2,128,317</u>

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

9. Debt (continued):

Long-term (continued) -

In prior years, the Vermont Municipal Bond Bank (VMBB) has refunded the 1997 Series 1, 2004 Series 1 and 2013 Series 1 direct borrowings with the 2007 Series 2, 2012 Series 3 and 2017 Series 4 direct borrowings, respectively, resulting in interest savings to the Town of \$221,066. These savings allocations, to be received between FY14 and FY34, have been reflected as a reduction of interest in the debt service requirements table. There is no remaining principal balance due on the 2007 Series 2 or 2012 Series 3, direct borrowings at June 30, 2021.

In the event that the Town is in default on their payment obligations issued from the VMBB, the State Treasurer has the ability to intercept State funding until the default is cured.

Subsequent to year end the Town obtained a general obligation note through the State of Vermont Revolving Loan Fund, RF1-291, in the amount of \$31,700.

10. Capital lease:

The Town has entered into lease agreements as lessee for financing the acquisition of various capital assets. These lease agreements qualify as capital leases for accounting purposes and, therefore, the cost and depreciation of these assets are included with other capital assets of the Town. The cost of these assets acquired by capital lease is the present value of the future lease payments. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, are as follows:

Year ending June 30,		
2022	\$	252,342
2023		222,321
2024		209,169
2025		209,169
2026		195,227
2027-2029		<u>520,220</u>
Total minimum lease payments		1,608,448
Less: amount representing interest		<u>(218,028)</u>
Present value of minimum lease payments	\$	<u>1,390,420</u>

11. Tax increment financing district:

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

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

11. Tax increment financing district (continued):

The TIF allows the Town to undertake and pay for infrastructure improvements that enable increased private sector economic and community development. With a TIF, the base value of properties, within the TIF, are set at the time the TIF 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 years from the first debt incursion, the municipal and education property taxes generated by any new development are shared, with 75% going to finance TIF infrastructure improvements and debt, and 25% going to the municipal General Fund and State Education Fund. As a general obligation of the Town, if TIF revenues are not sufficient to cover the debt, the Town is still responsible for the payments. The Town cannot incur any new TIF debt until each project or group of projects is approved by the VEPC and then by the voters.

In March 2014, voters approved a \$900,000 borrowing for the first TIF project - reconstruction and realignment of Prospect Street. This included roadway, utilities, pedestrian walkways, lighting, and landscaping for phase one of a multi-phase private redevelopment project, and TIF related costs, such as legal, consultant, engineering, public notices, financing vote, and bidding process. This Town road project is now completed. A new 38,600 sq ft private office building was constructed and occupied in 2015, and a second 10,000 sq ft building was constructed and occupied in 2016. The private development of these two new buildings covers the payments for the related debt. A third building is expected in the future.

In March 2016, Town voters authorized TIF projects and borrowings in the amount of \$900,000 for public parking, storm water and sanitary sewer infrastructure improvements, and related costs. \$200,000 of the authorization was included in the VMBB 2017 Series 3 borrowing issued in August 2017. The financing for the remaining \$700,000 authorized is to be determined upon completion of the engineering work. The parking lot is in the design phase.

In March 2017, Town voters authorized TIF projects and borrowings totaling \$1,926,000 for construction of public sidewalks, roads, streetscapes, water, storm water, sanitary sewer, and South Main Street retaining wall improvements, and related costs, advances, interfund loans and third-party public infrastructure costs. Specific projects are engineering and construction of Currier Street Extension, North Main Street sidewalks and streetscapes, and design and engineering of South Main, North Main and Gates Streets for various improvements. The entire authorization was included in the VMBB 2017 Series 3 borrowing issued in August 2017. The North Main Street sidewalk is completed; the Currier Street Project is substantially completed with a final section expected to be completed in FY 2022; and section one of the South Main Street project engineering is substantially completed with the remaining section anticipated to be completed in FY 2022.

In March 2019, Town voters authorized TIF projects and borrowings totaling \$5,477,000 for the engineering, design, permitting and construction of public sidewalk, road, streetscape, lighting, water, stormwater, sanitary sewer, retaining wall on South Main Street, North Main Street, and Gates Street, and related costs, TIF administrative costs, audits, advances, interfund loans and third party public infrastructure costs for such improvements and any previously approved TIF improvements. Voters also approved using any unexpended proceeds of borrowings previously issued or voter authorized, to finance the cost of TIF improvements and related costs for this project and any previously approved TIF improvements. \$849,212 of the debt authorization was issued in September 2020 through the Vermont Clean Water State Revolving Fund Loan RF1-222; \$1,037,771 of the debt authorization was issued in September 2020 through the Vermont Drinking Water State Revolving Fund Loan RF3-390; and \$1,735,000 of the debt authorization was issued in August 2020 through the VMBB 2020 Series 2 borrowing.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

11. Tax increment financing district (continued):

In March 2020, Town voters authorized TIF projects and borrowings totaling \$2,666,600, for the engineering, design, legal, surveying, permitting and construction of public sidewalk, curb, crosswalks, paving, road, parking, streetscape, landscaping, lighting, and drainage on South Main Street and Maple Street, and for related costs, TIF administrative costs, audits, advances, interfund loans and third-party public infrastructure costs for such improvements and any previously approved TIF improvements. Voters also approved using any unexpended proceeds of bonds or notes previously issued or voter authorized, to finance the cost of TIF improvements and related costs for these projects and any previously approved TIF improvements. Due to the Covid-19 pandemic, debt issuance and project implementation have been delayed.

Also in 2020, the Vermont Legislature approved an extension of the TIF's 20-year debt issuance period from March 2021 to March 2024 due to the impact of the great recession on development in the first three years of the TIF, and the impact of the Covid-19 pandemic.

The State of Vermont performed a 5 year TIF audit during FY21. This audit identified that the Town owed approximately \$3,000 to the State Education Fund related to eight parcels being inadvertently excluded from the TIF boundaries when the TIF was created in 2011.

During FY21, The Town also identified that the 2019 and 2020 grand list property valuations inadvertently excluded 27 North Main Street from the TIF, resulting in the TIF tax increment for this property, for these two years, being excluded from the TIF Fund. The impact of correcting this error would result in the TIF Fund being owed approximately \$25,000, and \$16,000, from the State Education Fund, and the General Fund, respectively, and the Town would not owe the State Education Fund the amount identified during the 5 year TIF audit.

The Town is currently appealing the State of Vermont's finding using the TIF Issue Resolution Process in TIF Rule 1103, which is anticipated to be completed in FY22.

12. Fund balances:

As of June 30, 2021, the General Fund reported a nonspendable fund balance (\$52,857) related to employee HRA accounts. The remaining fund balances of this fund are restricted (\$2,880,606) related to bond funding, committed (\$2,296,651) for various reserves, assigned (\$2,619,503) for various encumbrances and planned use of fund balance in the FY22 budget and unassigned (\$3,210,404).

13. Deficit fund balances:

As of June 30, 2021, the Recreation Fund has a deficit fund balance of \$60,728. Management intends to recover this deficit through future revenues and grant reimbursements.

As of June 30, 2021, the Capital Projects Fund has a deficit fund balance of \$120,302. Management intends to recover this deficit through future grant reimbursements and a transfer from the General Fund.

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

14. Pension plans:

401(a) Governmental Money Purchase Plan -

Plan description and funding requirements: The Plan is a governmental deferred compensation plan through the International City Manager's Association (ICMA) Retirement Corporation that operates under section 401 of the Internal Revenue Code. The Plan provides retirement benefits to full time employees hired prior to April 1, 2007, who had not elected to change their plan to VMERS on that date. No other employees of the Town are eligible to participate.

The Town is required to make contributions to the Plan at a rate of 8% of the participant's salary. The ICMA Retirement Corporation administers the plan. Total contributions by the Town for the year ended June 30, 2021, were \$80,696.

457 Deferred Compensation Plan -

Plan description and funding requirements: The Plan is a governmental deferred compensation plan through the International City Manager's Association (ICMA) Retirement Corporation that operates under section 457 of the Internal Revenue Code. 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 federal law, the investments are held in trust for the benefit of the employees. Accordingly, the Town does not report these assets on their financial statements. There is no employer contribution to this Plan.

Vermont Municipal Employees' Retirement System -

Plan description: The Town contributes to the Vermont Municipal Employees' Retirement System (VMERS or the Plan) a cost-sharing multiple-employer public employee retirement system with defined benefit and defined contribution plans, administered by the State of Vermont. The State statutory provisions, found in Title 24, Chapter 125, of the V.S.A., govern eligibility for benefits, service requirements and benefit provisions. The general administration and responsibility for the proper operation of VMERS is vested in the Board of Trustees consisting of five members. VMERS issues annual financial information which is available and may be reviewed at the VMERS' office, 109 State Street, Montpelier, Vermont, 05609-6200, by calling (802) 828-2305 or online at <http://www.vermonttreasurer.gov>.

Benefits provided: VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits do vary between the groups included in the Plan but are determined for the members of each group as a percentage of average compensation in a certain number of the highest consecutive years of service. Eligibility for benefits requires five years of service.

Contributions: Defined benefit plan members are required to contribute 3.0% (Group A), 5.375% (Group B), 10.5% (Group C) or 11.85% (Group D) of their annual covered salary, and the Town is required to contribute 4.5% (Group A), 6.0% (Group B), 7.75% (Group C) or 10.35% (Group D) of the employees' compensation. Defined contribution plan members are required to contribute 5.0% of their annual covered salary and the Town is required to contribute an equal dollar amount. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees. The Town's contributions to VMERS for the years ended June 30, 2021, 2020, and 2019, were \$467,926, \$431,926, and \$389,629, respectively. The amount contributed was equal to the required contributions for the year.

**TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

14. Pension plans (continued):

Vermont Municipal Employees' Retirement System (continued) -

Pension liabilities, deferred outflows of resources, deferred inflows of resources: These financial statements include the Town's proportionate share of the VMERS net pension liability, deferred outflows of resources for pension expense, deferred inflows of resources from investment earnings and contributions, and the related effects on government-wide net position and activities. The State of Vermont has provided the following information to all employers participating in VMERS, which is based on its calculation of the Town's 2.025% proportionate share of VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 5,121,701
Deferred outflows of resources - Deferred pension expense	\$ 2,172,215
Deferred inflows of resources - Deferred pension credits	\$ 144,786

Additional information: VMERS obtains an annual actuarial valuation for the pension plan. Detailed information is provided in that report for actuarial assumptions of inflation rates, salary increases, investment rates of return, mortality rates, discount rates, and the calculations used to develop annual contributions and the VMERS net position.

The Town adopted GASB Statement No. 68 in FY 2015 and is developing the ten years of required supplementary information in schedules 7 and 8. This historical pension information includes the Town's Proportionate Share of Net Pension Liability of VMERS and Town's Contributions to VMERS.

15. Other postemployment benefits (OPEB) plan:

The Town's most recent GASB 74/75 Actuarial Valuation was performed with a valuation date of July 1, 2019, with measurement dates of July 1, 2019 and July 1, 2020, for the reporting dates of June 30, 2020 and June 30, 2021, respectively. The Town's next actuarial valuation is scheduled to be performed with a valuation date of July 1, 2021.

Plan description: The Town's Retiree Medical Insurance Program (the Plan) offers comprehensive medical insurance for all retired former full-time employees of the Town. The Plan is a single employer defined benefit OPEB plan administered by the Town. The Town does not accumulate assets in a trust for future benefit payments, but currently funds these benefits on a pay-as-you-go basis.

Benefits provided: The Plan provides health insurance coverage for any employee who was hired prior to January 1, 2013, 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.

Employees covered by benefit terms: At the valuation date, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	63
Active employees	<u>55</u>
	<u>118</u>

TOWN OF HARTFORD, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

15. Other postemployment benefits (OPEB) plan (continued):

Total OPEB liability: The Town's total OPEB liability for the year ended June 30, 2021, is \$15,489,809. The Plan is not funded in advance so the net OPEB liability is also \$15,489,809. An analysis of the total OPEB liability is presented in Schedule 9.

Sensitivity of the total OPEB liability: A change in assumptions can have a large effect of the estimated OPEB obligation. An increase of 1% in the healthcare cost trend would increase the OPEB liability to \$18,738,450 while a decrease of 1% would reduce the OPEB liability to \$13,000,447. An increase of 1% in the discount rate used to calculate future costs would reduce the OPEB liability to \$13,277,549 while a decrease of 1% would increase the OPEB liability to \$18,289,723.

Actuarial assumptions and other inputs: The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Individual entry age normal
Discount rate	3.50% per annum
Healthcare cost trend rate	4.50% increase per annum
Inflation rate	2.50% per annum
Compensation increases	3.00% per annum
Mortality tables	Various RP-2014 healthy annuitant tables

16. Subsequent event/contingencies:

These financial statements were evaluated for subsequent events to be reported in the notes through November 3, 2021, the date the financial statements were available to be issued.

TOWN OF HARTFORD, VERMONT
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
JUNE 30, 2021

Schedule 1

	<u>Public Safety Fund</u>	<u>Recreation Fund</u>	<u>Impact Fees Fund</u>	<u>FEMA Fund</u>	<u>Cemetery Trust Fund</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 6,297	\$ 38,022	\$ 151	\$ -	\$ 23,939	\$ 68,409
Investments	-	-	-	-	25,345	25,345
Accounts receivable	3,097	-	-	-	-	3,097
Grants receivable	6,655	-	-	-	-	6,655
Due from other funds	<u>178,988</u>	<u>-</u>	<u>5,250</u>	<u>391,637</u>	<u>-</u>	<u>575,875</u>
Total assets	\$ <u>195,037</u>	\$ <u>38,022</u>	\$ <u>5,401</u>	\$ <u>391,637</u>	\$ <u>49,284</u>	\$ <u>679,381</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES:						
Accounts payable	\$ -	\$ 2,030	\$ -	\$ -	\$ -	\$ 2,030
Accrued wages	786	-	-	-	-	786
Due to other funds	<u>-</u>	<u>96,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,720</u>
Total liabilities	<u>786</u>	<u>98,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,536</u>
FUND EQUITY:						
Fund balances -						
Nonspendable	-	-	-	-	27,168	27,168
Restricted	194,251	-	5,401	391,637	22,116	613,405
Unassigned	<u>-</u>	<u>(60,728)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,728)</u>
Total fund balances (deficit)	<u>194,251</u>	<u>(60,728)</u>	<u>5,401</u>	<u>391,637</u>	<u>49,284</u>	<u>579,845</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>195,037</u>	\$ <u>38,022</u>	\$ <u>5,401</u>	\$ <u>391,637</u>	\$ <u>49,284</u>	\$ <u>679,381</u>

TOWN OF HARTFORD, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 2

	<u>Public Safety Fund</u>	<u>Recreation Fund</u>	<u>Impact Fees Fund</u>	<u>FEMA Fund</u>	<u>Cemetery Trust Fund</u>	<u>Total</u>
REVENUES:						
Intergovernmental	\$ 16,219	\$ 1,305	\$ -	\$ -	\$ -	\$ 17,524
Miscellaneous revenues	2,569	20,364	-	-	-	22,933
Investment income	<u>18</u>	<u>110</u>	<u>-</u>	<u>-</u>	<u>8,192</u>	<u>8,320</u>
Total revenues	<u>18,806</u>	<u>21,779</u>	<u>-</u>	<u>-</u>	<u>8,192</u>	<u>48,777</u>
EXPENDITURES:						
Public safety	7,278	-	-	-	-	7,278
Recreation	-	13,493	-	-	-	13,493
Capital outlay	<u>12,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,999</u>
Total expenditures	<u>20,277</u>	<u>13,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,770</u>
NET CHANGE IN FUND BALANCES	(1,471)	8,286	-	-	8,192	15,007
FUND BALANCES (DEFICIT), July 1, 2020	<u>195,722</u>	<u>(69,014)</u>	<u>5,401</u>	<u>391,637</u>	<u>41,092</u>	<u>564,838</u>
FUND BALANCES (DEFICIT), June 30, 2021	\$ <u>194,251</u>	\$ <u>(60,728)</u>	\$ <u>5,401</u>	\$ <u>391,637</u>	\$ <u>49,284</u>	\$ <u>579,845</u>

TOWN OF HARTFORD, VERMONT
COMBINING STATEMENT OF NET POSITION - WATER FUND
JUNE 30, 2021

Schedule 3

	<u>Central</u> Water <u>Fund</u>	<u>Quechee</u> Water <u>Fund</u>	<u>Total</u> Water <u>Fund</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 337,545	\$ 626,654	\$ 964,199
Accounts receivable, net	193,012	95,907	288,919
Due from other funds	<u>961,399</u>	<u>1,000,357</u>	<u>1,961,756</u>
Total current assets	<u>1,491,956</u>	<u>1,722,918</u>	<u>3,214,874</u>
Noncurrent assets -			
Capital assets	11,228,097	4,290,288	15,518,385
less - accumulated depreciation	<u>(6,324,388)</u>	<u>(1,973,014)</u>	<u>(8,297,402)</u>
Total noncurrent assets	<u>4,903,709</u>	<u>2,317,274</u>	<u>7,220,983</u>
Total assets	<u>6,395,665</u>	<u>4,040,192</u>	<u>10,435,857</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	87,419	4,073	91,492
Accrued interest	1,991	40,130	42,121
Accrued wages	13,684	8,254	21,938
Current portion of long-term debt	<u>150,039</u>	<u>67,057</u>	<u>217,096</u>
Total current liabilities	<u>253,133</u>	<u>119,514</u>	<u>372,647</u>
Noncurrent liabilities -			
Accrued compensated absences	29,422	1,386	30,808
Other postemployment benefits	494,678	109,597	604,275
Long-term debt	<u>1,380,347</u>	<u>1,392,217</u>	<u>2,772,564</u>
Total noncurrent liabilities	<u>1,904,447</u>	<u>1,503,200</u>	<u>3,407,647</u>
Total liabilities	<u>2,157,580</u>	<u>1,622,714</u>	<u>3,780,294</u>
NET POSITION:			
Net investment in capital assets	3,373,323	858,000	4,231,323
Unrestricted	<u>864,762</u>	<u>1,559,478</u>	<u>2,424,240</u>
Total net position	\$ <u>4,238,085</u>	\$ <u>2,417,478</u>	\$ <u>6,655,563</u>

TOWN OF HARTFORD, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - WATER FUND
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 4

	Central Water <u>Fund</u>	Quechee Water <u>Fund</u>	Total Water <u>Fund</u>
OPERATING REVENUES:			
Charges for services	\$ 998,816	\$ 441,373	\$ 1,440,189
Miscellaneous	<u>48</u>	<u>-</u>	<u>48</u>
Total operating revenues	<u>998,864</u>	<u>441,373</u>	<u>1,440,237</u>
OPERATING EXPENSES:			
Operation and maintenance	234,790	81,788	316,578
Salaries and benefits	428,152	149,099	577,251
Depreciation	<u>259,431</u>	<u>133,772</u>	<u>393,203</u>
Total operating expenses	<u>922,373</u>	<u>364,659</u>	<u>1,287,032</u>
 Operating income (loss)	 <u>76,491</u>	 <u>76,714</u>	 <u>153,205</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	5,257	5,771	11,028
Interest expense, net of accrued interest	<u>(30,259)</u>	<u>(40,130)</u>	<u>(70,389)</u>
Total nonoperating revenues (expenses)	<u>(25,002)</u>	<u>(34,359)</u>	<u>(59,361)</u>
 CHANGE IN NET POSITION	 51,489	 42,355	 93,844
 NET POSITION, July 1, 2020	 <u>4,186,596</u>	 <u>2,375,123</u>	 <u>6,561,719</u>
 NET POSITION, June 30, 2021	 \$ <u>4,238,085</u>	 \$ <u>2,417,478</u>	 \$ <u>6,655,563</u>

TOWN OF HARTFORD, VERMONT
COMBINING STATEMENT OF NET POSITION - WASTEWATER FUND
JUNE 30, 2021

Schedule 5

	<u>Central</u> Wastewater <u>Fund</u>	<u>Quechee</u> Wastewater <u>Fund</u>	<u>Total</u> Wastewater <u>Fund</u>
ASSETS:			
Current assets -			
Cash and cash equivalents	\$ 1,492,703	\$ 1,105,715	\$ 2,598,418
Accounts receivable, net	319,144	261,662	580,806
Due from other funds	<u>1,226,215</u>	<u>1,480,238</u>	<u>2,706,453</u>
Total current assets	<u>3,038,062</u>	<u>2,847,615</u>	<u>5,885,677</u>
Noncurrent assets -			
Capital assets	21,832,460	18,272,327	40,104,787
less - accumulated depreciation	<u>(14,778,897)</u>	<u>(12,747,838)</u>	<u>(27,526,735)</u>
Total noncurrent assets	<u>7,053,563</u>	<u>5,524,489</u>	<u>12,578,052</u>
Total assets	<u>10,091,625</u>	<u>8,372,104</u>	<u>18,463,729</u>
LIABILITIES:			
Current liabilities -			
Accounts payable	180,342	26,296	206,638
Accrued interest	18,317	57,046	75,363
Accrued wages	19,947	14,308	34,255
Current portion of long-term debt	<u>366,425</u>	<u>252,058</u>	<u>618,483</u>
Total current liabilities	<u>585,031</u>	<u>349,708</u>	<u>934,739</u>
Noncurrent liabilities -			
Accrued compensated absences	38,449	14,973	53,422
Other postemployment benefits	990,490	319,220	1,309,710
Long-term debt	<u>4,878,532</u>	<u>3,198,028</u>	<u>8,076,560</u>
Total noncurrent liabilities	<u>5,907,471</u>	<u>3,532,221</u>	<u>9,439,692</u>
Total liabilities	<u>6,492,502</u>	<u>3,881,929</u>	<u>10,374,431</u>
NET POSITION:			
Net investment in capital assets	1,808,606	2,074,403	3,883,009
Unrestricted	<u>1,790,517</u>	<u>2,415,772</u>	<u>4,206,289</u>
Total net position	\$ <u>3,599,123</u>	\$ <u>4,490,175</u>	\$ <u>8,089,298</u>

TOWN OF HARTFORD, VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - WASTEWATER FUND
FOR THE YEAR ENDED JUNE 30, 2021

Schedule 6

	Central Wastewater <u>Fund</u>	Quechee Wastewater <u>Fund</u>	Total Wastewater <u>Fund</u>
OPERATING REVENUES:			
Charges for services	\$ 1,609,403	\$ 1,182,580	\$ 2,791,983
Miscellaneous	<u>-</u>	<u>3,600</u>	<u>3,600</u>
Total operating revenues	<u>1,609,403</u>	<u>1,186,180</u>	<u>2,795,583</u>
OPERATING EXPENSES:			
Operation and maintenance	463,218	312,128	775,346
Salaries and benefits	570,132	379,679	949,811
Depreciation	<u>532,503</u>	<u>603,810</u>	<u>1,136,313</u>
Total operating expenses	<u>1,565,853</u>	<u>1,295,617</u>	<u>2,861,470</u>
Operating income (loss)	<u>43,550</u>	<u>(109,437)</u>	<u>(65,887)</u>
NONOPERATING REVENUES (EXPENSES):			
Capital contribution	25,513	-	25,513
Investment income	12,250	14,566	26,816
Interest expense, net of accrued interest	<u>(115,142)</u>	<u>(57,046)</u>	<u>(172,188)</u>
Total nonoperating revenues (expenses)	<u>(77,379)</u>	<u>(42,480)</u>	<u>(119,859)</u>
INCOME (LOSS) BEFORE TRANSFERS	(33,829)	(151,917)	(185,746)
Operating transfers out	<u>(26,862)</u>	<u>-</u>	<u>(26,862)</u>
CHANGE IN NET POSITION	(60,691)	(151,917)	(212,608)
NET POSITION, July 1, 2020	<u>3,659,814</u>	<u>4,642,092</u>	<u>8,301,906</u>
NET POSITION, June 30, 2021	\$ <u>3,599,123</u>	\$ <u>4,490,175</u>	\$ <u>8,089,298</u>

**TOWN OF HARTFORD, VERMONT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY
VMERS
JUNE 30, 2021**

Schedule 7

	June 30, <u>2021</u>	June 30, <u>2020</u>	June 30, <u>2019</u>	June 30, <u>2018</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	June 30, <u>2015</u>
Town's proportion of the net pension liability	2.0246%	2.0016%	2.2202%	2.0727%	1.9987%	2.0337%	1.9881%
Town's proportionate share of the net pension liability	\$ 5,121,701	\$ 3,472,599	\$ 3,123,251	\$ 2,511,201	\$ 2,572,277	\$ 1,567,870	\$ 181,445
Town's covered payroll	\$ 5,979,663	\$ 5,704,684	\$ 5,320,692	\$ 5,472,234	\$ 4,398,702	\$ 4,294,168	\$ 4,153,140
Town's proportionate share of the net pension liability as a percentage of its covered payroll	85.652%	60.873%	58.700%	45.890%	58.478%	36.512%	4.369%
VMERS net position as a percentage of the total pension liability	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**SCHEDULE OF TOWN'S CONTRIBUTIONS
VMERS
JUNE 30, 2021**

Schedule 8

	June 30, <u>2021</u>	June 30, <u>2020</u>	June 30, <u>2019</u>	June 30, <u>2018</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	June 30, <u>2015</u>
Contractually required contribution	\$ 454,869	\$ 419,606	\$ 384,575	\$ 388,880	\$ 313,738	\$ 303,770	\$ 268,542
Contributions in relation to the contractually required contribution	<u>454,869</u>	<u>419,606</u>	<u>384,575</u>	<u>388,880</u>	<u>313,738</u>	<u>303,770</u>	<u>268,542</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 5,979,663	\$ 5,704,684	\$ 5,320,692	\$ 5,472,234	\$ 4,398,702	\$ 4,294,168	\$ 4,153,140
Contributions as a percentage of covered payroll	7.607%	7.355%	7.228%	7.106%	7.133%	7.074%	6.466%

**TOWN OF HARTFORD, VERMONT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE TOWN'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS PLAN
JUNE 30, 2021**

Schedule 9

	June 30, <u>2021</u>	June 30, <u>2020</u>	June 30, <u>2019</u>	June 30, <u>2018</u>
Total OPEB Liability:				
Changes for the year-				
Service cost	\$ 325,561	\$ 314,552	\$ 347,699	\$ 295,097
Interest	531,470	464,064	453,840	345,611
Difference between expected and actual plan experience	-	352,119	-	3,022,954
Changes in assumptions	-	203,486	-	-
Benefit payments	<u>(449,167)</u>	<u>(429,825)</u>	<u>(477,373)</u>	<u>(296,328)</u>
Net OPEB expense	407,864	904,396	324,166	3,367,334
Total OPEB Liability - beginning of year	15,081,945	14,177,549	13,853,383	9,889,027
Changes in assumptions for GASB 75	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,022</u>
Total OPEB Liability - end of year	\$ <u>15,489,809</u>	\$ <u>15,081,945</u>	\$ <u>14,177,549</u>	\$ <u>13,853,383</u>
Covered-employee payroll	\$ 7,435,394	\$ 7,389,688	\$ 7,251,836	\$ 7,052,376
Total OPEB liability as a percentage of covered-employee payroll	48.00%	49.00%	51.15%	50.91%

**INDEPENDENT AUDITOR'S 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**

The Selectboard
Town of Hartford, Vermont

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 (the Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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'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. 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'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

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'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's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Montpelier, Vermont
November 3, 2021

Melzyth Jernett ⁹
Shosh-Nisa, P.C.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

The Selectboard
Town of Hartford, Vermont

Report on Compliance for Each Major Federal Program

We have audited the Town of Hartford, Vermont's (the Town) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Hartford, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Montpelier, Vermont
November 3, 2021

Melgett Jenett 4
Shosh-Nisa, P.L.

**TOWN OF HARTFORD, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

(Page 1 of 2)

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture:				
Community Facilities Loans and Grants	10.766		\$ -	\$ 27,800
U.S. Department of Housing and Urban Development:				
Passed through the Vermont Agency of Commerce and Community Development -				
Community Development Block Grants	14.228	07110-IG-2019-Hartford-19	247,200	247,200
U.S. Department of the Interior:				
Passed through the Vermont Agency of Commerce and Community Development -				
Historic Preservation Fund Grants-In-Aid	15.904	07110-VT-19-002	-	3,972
Historic Preservation Fund Grants-In-Aid	15.904	07110-VT-20-10006	-	8,515
Total Historic Preservation Fund Grants-In-Aid			-	12,487
U.S. Department of Transportation:				
Passed through the Vermont Agency of Transportation -				
Highway Planning and Construction	20.205	CA0135	-	3,939,063
Highway Planning and Construction	20.205	EH0015	-	133,815
Total Highway Planning and Construction			-	4,072,878
U.S. Department of the Treasury:				
Passed through the Vermont Department of Public Safety -				
Coronavirus Relief Fund	21.019	02140-84532-126	-	9,435
Passed through the Vermont Department of Taxes -				
Coronavirus Relief Fund	21.019	01140CRF20LGE0022	-	167,754
Passed through the Vermont Department of Health -				
Coronavirus Relief Fund	21.019	03420-08548	-	34,866
Coronavirus Relief Fund	21.019	03420-08613	-	38,350
			-	73,216
Total Coronavirus Relief Fund			-	250,405

**TOWN OF HARTFORD, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

(Page 2 of 2)

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. Environmental Protection Agency:				
Passed through the Vermont State				
Revolving Fund -				
Capitalization Grants for Clean Water State Revolving Funds	66.458	Loan RF1-222	-	474,673
Capitalization Grants for Clean Water State Revolving Funds	66.458	Loan RF1-271	-	57,803
Capitalization Grants for Clean Water State Revolving Funds	66.458	Loan RF3-390	-	573,524
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Loan RF1-291	-	25,360
Total U.S. Environmental Protection Agency			-	1,131,360
U.S. Department of Health and Human Services:				
Passed through the Vermont				
Department of Health -				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	03420-08802	-	3,705
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	03420-08296	-	6,928
Total U.S. Department of Health and Human Services			-	10,633
U.S. Department of Homeland Security:				
Passed through the Vermont				
Department of Public Safety -				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84532-126	-	28,304
Hazard Mitigation Grant	97.039	02140-34356-003C	-	3,571
Total U.S. Department of Homeland Security			-	31,875
Total expenditures of federal awards			\$ 247,200	\$ 5,784,638

TOWN OF HARTFORD, VERMONT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1. Basis of presentation:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Town under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Town.

2. Summary of significant accounting policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Town has elected not to the 10 percent de minimis indirect cost rate as allowed in the Uniform Guidance.

3. Suprecipients:

The Town has provided federal awards totaling \$247,200 under CFDA No. 14.228 Community Development Block Grants.

**TOWN OF HARTFORD, VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

A. Summary of Auditor's Results:

Financial Statements -

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None reported*

Noncompliance material to financial statements noted? *No*

Federal Awards -

Internal control over major programs:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified? *None reported*

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? *No*

Identification of major program:

- *U.S. Department of the Treasury
CFDA 21.019 - Coronavirus Relief Fund*
- *U.S. Environmental Protection Agency
CFDA 66.458 - Capitalization Grants for Clean Water State Revolving Funds*

Dollar threshold used to distinguish between type A and type B programs: *\$750,000*

Auditee qualified as low-risk auditee? *Yes*

B. Audit Findings - Financial Statements:

2021-001 - Welcoming Hartford Ordinance

Condition - The *Welcoming Hartford Ordinance* (WHO) was authorized by voters at the annual Town Meeting in March 2020. The WHO restricts communications between Town employees and federal agencies regarding citizenship or immigration status of undocumented immigrants in Hartford. This restriction appears to be in conflict with federal laws 8 U.S.C. §1644 and §1373. The Town has obtained conflicting legal guidance as to the effects of any deemed noncompliance on the Town's current or future participation in federal grant or loan programs. Grantor agencies were not advised of the WHO or consulted as to specific impacts of any noncompliance with all applicable federal laws on current federal grant or loan programs.

After adoption of the WHO, the Town implemented new certification procedures for federal awards. Town staff and department heads verify data accuracy and the Town's Selectboard Chair signs any compliance certification on federal award documents, requisitions and reports.

**TOWN OF HARTFORD, VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

B. Audit Findings - Financial Statements (continued):

2021-001 - Welcoming Hartford Ordinance (continued)

Criteria - Town management is responsible for compliance with all applicable federal statutes, regulations, and the terms and conditions of federal award agreements applicable to Town participation in federal grant or loan programs. Management is also required to certify compliance to grantor agencies and should identify and report to grantor agencies any known or potential noncompliance with those laws, regulations, or terms and conditions of grant agreements.

Cause - The ordinance was adopted in March 2020 and became effective 60 days after adoption in May 2020. In February 2020, the Second Circuit Court of Appeals (of which Vermont is a member) issued a decision in State of New York V. Department of Justice that would be a precedent for Vermont Towns. Town management does certify Town compliance with all applicable federal laws. The Court determined that the term “all applicable federal laws” effectively refers to all federal laws that regulate state and local governments in some way.

Effect - The Welcoming Hartford Ordinance could be deemed noncompliant with federal laws 8 U.S.C. §1644 and §1373, which could affect current and future participation in federally funded programs for Town projects. Future federal grant or loan programs could be denied, or repayment of federal funding could be required.

Recommendation - We recommend that the Town communicate with their grantor agencies to determine if the Welcoming Hartford Ordinance does affect federally funded projects of the Town. Legal assistance may be needed to amend the ordinance to eliminate any language which is determined to cause noncompliance with federal laws 8 U.S.C. §1644 and §1373.

C. Audit Findings - Federal Awards:

There were no audit findings identified for the year ended June 30, 2021.

**STATUS OF PRIOR AUDIT FINDINGS
AS OF JUNE 30, 2021**

Prior audit finding 2020-001 has been repeated in the current year as finding 2021-001.