

**TOWN OF HARTFORD, VERMONT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**AND**  
**INDEPENDENT AUDITOR'S REPORTS**

TOWN OF HARTFORD, VERMONT

JUNE 30, 2022

TABLE OF CONTENTS

	Page(s)
Independent Auditor’s Report.....	1 - 3
Management’s Discussion and Analysis.....	4 - 10
Basic Financial Statements:	
Government-wide Financial Statements -	
Statement of Net Position.....	11 - 12
Statement of Activities .....	13
Fund Financial Statements -	
Balance Sheet - Governmental Funds .....	14 - 16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	17 - 19
Statement of Revenues and Expenditures - Budget and Actual - General Fund .....	20 - 22
Statement of Net Position - Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	24
Statement of Cash Flows - Proprietary Funds.....	25 - 26
Notes to Financial Statements .....	27 - 45
Supplementary Schedules:	
Schedule 1 - Combining Balance Sheet - Other Governmental Funds .....	46
Schedule 2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds .....	47
Schedule 3 - Combining Statement of Net Position - Water Fund .....	48
Schedule 4 - Combining Statement of Revenues, Expenses and Changes in Net Position - Water Fund .....	49
Schedule 5 - Combining Statement of Net Position - Wastewater Fund .....	50
Schedule 6 - Combining Statement of Revenues, Expenses and Changes in Net Position - Wastewater Fund.....	51
Schedule 7 - Schedule of Town’s Proportionate Share of Net Pension Liability - VMERS .....	52
Schedule 8 - Schedule of Town’s Contributions - VMERS.....	52
Schedule 9 - Schedule of Changes in the Town’s Total OPEB Liability and Related Ratios Other Postemployment Benefits Plan .....	53
Compliance Reports:	
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 <i>Government Auditing Standards</i> .....	54 - 55
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance .....	56 - 58
Schedule of Expenditures of Federal Awards .....	59 - 60
Notes to Schedule of Expenditures of Federal Awards.....	61
Schedule of Findings and Questioned Costs .....	62 - 63
Status of Prior Audit Findings.....	63

## INDEPENDENT AUDITOR'S REPORT

The Selectboard  
Town of Hartford, Vermont

### **Report on the Audit of 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, 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.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Hartford, Vermont, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement on the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 December 1, 2022 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  
December 1, 2022

*Melzyth Jennett* 9  
*Shah-Nisa, P.C.*

**TOWN OF HARTFORD, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022. 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 2022 and FY 2021.

**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, 2022, by \$37,548,763 compared to \$37,516,154, as restated, at June 30, 2021. This represents an increase of \$32,609. The change in net position for fiscal year 2022 was an increase of \$32,609 compared to an increase of \$3,488,977 for fiscal year 2021.

**Fund Highlights**

At the end of the fiscal year, the Town's governmental funds reported a combined ending fund balance of \$17,559,404, an increase of \$1,403,128 in comparison with an increase of \$6,213,998 for the prior year. Of the total fund balance, \$14,632,999 represents amounts restricted, committed or assigned to specific purposes, such as reserves and encumbrances approved by management, \$171,497 is nonspendable, leaving an unassigned balance of \$2,754,908.

**Long-term Debt**

The Town's long-term debt increased \$904,617 during the fiscal year and had a total ending balance of \$30,265,017. Liabilities reported as capital leases in the prior year, have been reclassified to long-term debt in accordance with the implementation of GASB Statement No. 87, *Leases*.

**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 2022 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 and other matters. 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 for each major federal program; internal controls over compliance; and on the schedule of expenditures of 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.
- Lease assets and related lease liabilities 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 \$37,548,763 at year end. Net position increased by \$32,609 over the previous fiscal year.

**TABLE 1**  
**Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>Assets</b>						
Current Assets	\$ 18,166,748	\$ 20,341,777	\$ 9,752,983	\$ 11,047,789	\$ 27,919,731	\$ 31,389,566
Noncurrent Assets	42,014,386	44,402,158	20,039,139	18,932,111	62,053,525	63,334,269
<b>Total Assets</b>	<b>60,181,134</b>	<b>64,743,935</b>	<b>29,792,122</b>	<b>29,979,900</b>	<b>89,973,256</b>	<b>94,723,835</b>



	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>Deferred Outflows of Resources</b>	<b><u>2,172,215</u></b>	<b><u>1,604,455</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,172,215</u></b>	<b><u>1,604,455</u></b>
<b>Liabilities</b>						
Current Liabilities	2,599,973	2,268,801	1,377,235	1,554,688	3,977,208	3,823,489
Noncurrent Liabilities	<u>35,856,105</u>	<u>37,259,621</u>	<u>13,130,840</u>	<u>12,903,353</u>	<u>48,986,945</u>	<u>50,162,974</u>
<b>Total Liabilities</b>	<b><u>38,456,078</u></b>	<b><u>39,528,422</u></b>	<b><u>14,508,075</u></b>	<b><u>14,458,041</u></b>	<b><u>52,964,153</u></b>	<b><u>53,986,463</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>1,684,772</u></b>	<b><u>4,793,064</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,684,772</u></b>	<b><u>4,793,064</u></b>
<b>Net Position</b>						
Net Investment in						
Capital Assets	22,676,134	23,739,591	8,354,436	7,701,008	31,030,570	31,440,599
Restricted	2,937,224	11,045,988	-	-	2,937,224	11,045,988
Unrestricted	<u>(3,400,859)</u>	<u>(12,758,675)</u>	<u>6,929,611</u>	<u>7,820,851</u>	<u>3,528,752</u>	<u>(4,937,824)</u>
<b>Total Net Position</b>	<b><u>\$ 22,212,499</u></b>	<b><u>\$ 22,026,904</u></b>	<b><u>\$ 15,284,047</u></b>	<b><u>\$ 15,521,859</u></b>	<b><u>\$ 37,496,546</u></b>	<b><u>\$ 37,548,763</u></b>

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>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 2,273,096	\$ 2,584,775	\$ 4,674,748	\$ 5,112,861	\$ 6,947,844	\$ 7,697,636
Grants and Contributions	5,271,150	2,466,051	25,513	-	5,296,663	2,466,051
Other	329,378	127,879	24,788	120,627	354,166	248,506
General Revenues:						
Property Taxes	14,547,020	14,971,834	-	-	14,547,020	14,971,834
Insurance recoveries	8,305	3,274	-	-	8,305	3,274
Loss on disposition of of capital assets	(179,294)	(16,080)	-	-	(179,294)	(16,080)
Investment Earnings	<u>107,122</u>	<u>106,012</u>	<u>39,687</u>	<u>30,109</u>	<u>146,809</u>	<u>136,121</u>
<b>Total Revenues</b>	<b><u>22,356,777</u></b>	<b><u>20,243,745</u></b>	<b><u>4,764,736</u></b>	<b><u>5,263,597</u></b>	<b><u>27,121,513</u></b>	<b><u>25,507,342</u></b>

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
<b>PROGRAM EXPENSES</b>						
General government	3,267,639	4,732,091	-	-	3,267,639	4,732,091
Public safety	7,947,180	7,984,169	-	-	7,947,180	7,984,169
Public works	3,349,759	3,678,916	-	-	3,349,759	3,678,916
Health and social services	490,077	378,905	-	-	490,077	378,905
Parks and recreation	1,731,639	1,963,818	-	-	1,731,639	1,963,818
Conservation and development	889,142	510,118	-	-	889,142	510,118
Cultural	393,045	392,992	-	-	393,045	392,992
Water	-	-	1,287,032	1,264,186	1,287,032	1,264,186
Wastewater	-	-	2,861,470	3,067,584	2,861,470	3,067,584
Solid Waste	-	-	721,527	703,624	721,527	703,624
Interest	451,449	557,939	242,577	240,391	694,026	798,330
<b>Total Program Expenses</b>	<b>18,519,930</b>	<b>20,198,948</b>	<b>5,112,606</b>	<b>5,275,785</b>	<b>23,632,536</b>	<b>25,474,733</b>
<b>Transfers In (Out)</b>	<b>(223,138)</b>	<b>(250,000)</b>	<b>223,138</b>	<b>250,000</b>	<b>-</b>	<b>-</b>
<b>Increase (decrease) in Net Position</b>	<b>\$ 3,613,709</b>	<b>\$ (205,203)</b>	<b>\$ (124,732)</b>	<b>\$ 237,812</b>	<b>\$ 3,488,977</b>	<b>\$ 32,609</b>

Total governmental activities expenses were \$18,519,930 and \$20,198,948 in fiscal years 2021 and 2022, 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 \$7,873,624 in 2021 and \$5,178,705 in 2022. 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 \$14,483,153 in fiscal 2021 and \$15,065,040 in fiscal 2022.

### Fund Financial Statements

- **Governmental Funds** - The combined fund balance of the governmental funds was \$16,156,276 at June 30, 2021 and \$17,559,404 at June 30, 2022. \$14,632,999 of the FY 2022 fund balance is restricted, committed or assigned; \$171,497 is nonspendable, leaving a remaining unassigned balance of \$2,754,908. The fund balance of the General Fund increased from \$11,060,021 in FY 2021 to \$10,168,438 in FY 2022.

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, 2022, was \$15,521,859, an increase of \$237,812 under the previous fiscal year.

## Capital Assets

The following is a schedule of capital assets as of June 30, 2022 and 2021.

	<b>Capital Assets June 30,</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>
Land	\$ 1,431,658	\$ 1,431,658	\$ 424,307	\$ 424,307
Construction in Progress	9,364,132	13,641,930	2,553,409	2,950,220
Land improvements	1,653,324	1,653,324	147,002	147,002
Buildings and improvements	19,849,411	19,908,154	27,858,484	27,858,484
Vehicles and equipment	10,998,505	11,956,162	1,413,210	1,474,274
Infrastructure	<u>38,742,099</u>	<u>38,889,134</u>	<u>25,599,217</u>	<u>25,599,217</u>
Total Capital Assets	82,039,129	87,480,362	57,995,629	58,453,504
Less Accumulated Depreciation	<u>41,667,690</u>	<u>44,706,857</u>	<u>37,956,490</u>	<u>39,521,393</u>
Capital Assets, Net	<u>\$ 40,371,439</u>	<u>\$ 42,773,505</u>	<u>\$ 20,039,139</u>	<u>\$ 18,932,111</u>

The Town has a net investment in capital assets of \$60,410,578 and \$61,705,616 on June 30, 2021 and June 30, 2022, respectively. The net increase (including additions and deductions) between the two periods amounted to \$1,295,038.

## Debt

The following is a schedule of long-term debt as of June 30, 2021 and 2022.

	<b>Long-term Debt at June 30,</b>			<b>Long-term Debt at June 30,</b>	
	<u>2021</u>	<u>2022</u>		<u>2021</u>	<u>2022</u>
Governmental Activities -			Business-type Activities -		
VMBB - 2012 Series 1	\$ 681,135	\$ 624,374	RF3-069	\$ 796,579	\$ 646,540
VMBB - 2017 Series 4	4,000,750	3,693,000	AR1-006	390,646	358,543
VMBB - 2014 Series 3	630,000	585,000	AR1-099	4,511,468	4,175,095
VMBB - 2014 Series 3	3,430,000	3,185,000	AR1-041	3,204,000	2,965,111
VMBB - 2017 Series 3	1,807,100	1,700,800	RF3-329	1,459,274	1,392,216
VMBB - 2020 Series 2	1,735,000	1,648,250	RF1-188	69,675	34,838
VMBB - 2021 Series 1	843,900	843,900	RF1-202	15,687	6,275
VMBB - 2021 Series 1	3,177,000	3,177,000	RF1-222	451,039	657,021
VMBB - 2022 Series 1	-	578,200	RF3-390	733,807	867,657
VMBB - 2022 Series 1	-	1,822,600	RF1-271	52,528	76,001
Fingerprinting equipment	4,775	-	RF1-291	-	39,403
2018 International truck	29,685	-	RF3-467	-	12,403
Zamboni	107,450	88,107	Total Long-term Debt	<u>\$ 11,684,703</u>	<u>\$ 11,231,103</u>
Ladder truck	653,886	580,589			
Parks & Recreation van	34,886	28,910			
Softball field lighting	137,701	126,728			
REALice system	30,572	23,394			
Toro Groomer	19,525	15,049			
Simulcast radio system	<u>352,332</u>	<u>313,013</u>			
Total Long-term Debt	<u>\$ 17,675,697</u>	<u>\$ 19,033,914</u>			

At the end of the fiscal year, the Town had \$19,033,914 in long-term debt outstanding in governmental activities compared to \$17,675,697 in the prior year. For the business-type activities, long-term debt increased from \$11,684,703 to \$11,231,103.

At the end of the fiscal year, the Town had a lease liability of \$12,781. This lease liability was reported as a capital lease in the prior year. During the year, the Town implemented GASB Statement No. 87, *Leases*. All other agreements previously reported as capital leases have been reclassified as long-term debt.

### **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, 2022**  
(Page 1 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 24,489,876	\$ 4,038,150	\$ 28,528,026
Investments	23,475	-	23,475
Property taxes receivable	878,420	-	878,420
Accounts receivable, net	806,021	916,564	1,722,585
Grants receivable	118,974	-	118,974
Prepaid expenses	59,043	59,043	118,086
Due (to) from other activities	<u>(6,034,032)</u>	<u>6,034,032</u>	<u>-</u>
Total current assets	<u>20,341,777</u>	<u>11,047,789</u>	<u>31,389,566</u>
Noncurrent assets -			
Notes receivable, net	1,620,251	-	1,620,251
Capital assets	87,480,362	58,453,504	145,933,866
less - accumulated depreciation	(44,706,857)	(39,521,393)	(84,228,250)
Lease asset	19,606	-	19,606
less - accumulated amortization	<u>(11,204)</u>	<u>-</u>	<u>(11,204)</u>
Total noncurrent assets	<u>44,402,158</u>	<u>18,932,111</u>	<u>63,334,269</u>
Total assets	<u>64,743,935</u>	<u>29,979,900</u>	<u>94,723,835</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension expense	<u>1,604,455</u>	<u>-</u>	<u>1,604,455</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	829,769	483,953	1,313,722
Accrued wages	156,979	15,637	172,616
Accrued interest	53,987	128,077	182,064
Current portion of accrued postclosure liability	-	23,000	23,000
Current portion of long-term debt	1,215,285	904,021	2,119,306
Current portion of lease liability	<u>12,781</u>	<u>-</u>	<u>12,781</u>
Total current liabilities	<u>2,268,801</u>	<u>1,554,688</u>	<u>3,823,489</u>
Noncurrent liabilities -			
Accrued compensated absences	599,601	78,039	677,640
Other postemployment benefits	15,833,385	2,360,232	18,193,617
Net pension liability	3,008,006	-	3,008,006
Accrued postclosure liability	-	138,000	138,000
Long-term debt	<u>17,818,629</u>	<u>10,327,082</u>	<u>28,145,711</u>
Total noncurrent liabilities	<u>37,259,621</u>	<u>12,903,353</u>	<u>50,162,974</u>
Total liabilities	<u>39,528,422</u>	<u>14,458,041</u>	<u>53,986,463</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, 2022**  
(Page 2 of 2)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Customer tax overpayments	92,110	-	92,110
Deferred grant revenue	1,428,269	-	1,428,269
Deferred note revenue	1,412,678	-	1,412,678
Deferred pension credits	<u>1,860,007</u>	<u>-</u>	<u>1,860,007</u>
Total deferred inflows of resources	<u>4,793,064</u>	<u>-</u>	<u>4,793,064</u>
<b>NET POSITION:</b>			
Net investment in capital assets	23,739,591	7,701,008	31,440,599
Restricted	11,045,988	-	11,045,988
Unrestricted	<u>(12,758,675)</u>	<u>7,820,851</u>	<u>(4,937,824)</u>
Total net position	\$ <u>22,026,904</u>	\$ <u>15,521,859</u>	\$ <u>37,548,763</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, 2022**

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	\$ 4,732,091	\$ 154,524	\$ 799,236	\$ 73,339	\$ (3,704,992)	\$ -	\$ (3,704,992)
Public safety	7,984,169	1,612,877	1,254,144	7,181	(5,109,967)	-	(5,109,967)
Public works	3,678,916	278,252	2,653	30,565	(3,367,446)	-	(3,367,446)
Health and social services	378,905	-	-	-	(378,905)	-	(378,905)
Parks and recreation	1,963,818	12,596	501,184	16,794	(1,433,244)	-	(1,433,244)
Conservation and development	510,118	407,802	27,558	-	(74,758)	-	(74,758)
Cultural	392,992	-	-	-	(392,992)	-	(392,992)
Interest	557,939	-	-	-	(557,939)	-	(557,939)
Total governmental activities	<u>20,198,948</u>	<u>2,466,051</u>	<u>2,584,775</u>	<u>127,879</u>	<u>(15,020,243)</u>	<u>-</u>	<u>(15,020,243)</u>
Business-type activities -							
Water	1,264,186	-	1,602,215	1,776	-	339,805	339,805
Wastewater	3,067,584	-	3,056,486	97,851	-	86,753	86,753
Solid waste	703,624	-	454,160	21,000	-	(228,464)	(228,464)
Interest	240,391	-	-	-	-	(240,391)	(240,391)
Total business-type activities	<u>5,275,785</u>	<u>-</u>	<u>5,112,861</u>	<u>120,627</u>	<u>-</u>	<u>(42,297)</u>	<u>(42,297)</u>
	<u>\$ 25,474,733</u>	<u>\$ 2,466,051</u>	<u>\$ 7,697,636</u>	<u>\$ 248,506</u>	<u>(15,020,243)</u>	<u>(42,297)</u>	<u>(15,062,540)</u>
<b>GENERAL REVENUES</b>					14,971,834	-	14,971,834
- PROPERTY TAXES					3,274	-	3,274
- INSURANCE RECOVERIES					(16,080)	-	(16,080)
- LOSS ON SALE OF CAPITAL ASSETS					106,012	30,109	136,121
- INVESTMENT INCOME					(250,000)	250,000	-
<b>TRANSFERS IN (OUT)</b>					<u>14,815,040</u>	<u>280,109</u>	<u>15,095,149</u>
CHANGE IN NET POSITION					(205,203)	237,812	32,609
NET POSITION, July 1, 2021, as restated					<u>22,232,107</u>	<u>15,284,047</u>	<u>37,516,154</u>
NET POSITION, June 30, 2022					<u>\$ 22,026,904</u>	<u>\$ 15,521,859</u>	<u>\$ 37,548,763</u>

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

**TOWN OF HARTFORD, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**  
(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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 17,813,882	\$ 220,069	\$ 6,394,795	\$ -	\$ 61,130	\$ 24,489,876
Investments	-	-	-	-	23,475	23,475
Property taxes receivable	878,420	-	-	-	-	878,420
Accounts receivable, net	806,021	-	-	-	-	806,021
Grants receivable	-	5,567	-	111,412	1,995	118,974
Prepaid expenditures	59,043	-	-	-	-	59,043
Notes receivable	-	1,620,251	-	-	-	1,620,251
Due from other funds	<u>-</u>	<u>119,134</u>	<u>35,753</u>	<u>-</u>	<u>488,992</u>	<u>643,879</u>
Total assets	\$ <u>19,557,366</u>	\$ <u>1,965,021</u>	\$ <u>6,430,548</u>	\$ <u>111,412</u>	\$ <u>575,592</u>	\$ <u>28,639,939</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 756,703	\$ 1,950	\$ 44,455	\$ 24,847	\$ 1,814	\$ 829,769
Accrued wages	156,979	-	-	-	-	156,979
Due to other funds	<u>6,472,048</u>	<u>-</u>	<u>-</u>	<u>205,863</u>	<u>-</u>	<u>6,677,911</u>
Total liabilities	<u>7,385,730</u>	<u>1,950</u>	<u>44,455</u>	<u>230,710</u>	<u>1,814</u>	<u>7,664,659</u>

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



**TOWN OF HARTFORD, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**  
(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>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred property tax revenue	482,819	-	-	-	-	482,819
Customer tax overpayments	92,110	-	-	-	-	92,110
Deferred grant revenue	1,428,269	-	-	-	-	1,428,269
Deferred note revenue	<u>-</u>	<u>1,412,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,412,678</u>
Total deferred inflows of resources	<u>2,003,198</u>	<u>1,412,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,415,876</u>
<b>FUND EQUITY:</b>						
Fund balances -						
Nonspendable	144,329	-	-	-	27,168	171,497
Restricted	621,628	550,393	6,386,093	-	615,666	8,173,780
Committed	2,759,754	-	-	-	-	2,759,754
Assigned	3,699,465	-	-	-	-	3,699,465
Unassigned (deficit)	<u>2,943,262</u>	<u>-</u>	<u>-</u>	<u>(119,298)</u>	<u>(69,056)</u>	<u>2,754,908</u>
Total fund balances	<u>10,168,438</u>	<u>550,393</u>	<u>6,386,093</u>	<u>(119,298)</u>	<u>573,778</u>	<u>17,559,404</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>19,557,366</u>	\$ <u>1,965,021</u>	\$ <u>6,430,548</u>	\$ <u>111,412</u>	\$ <u>575,592</u>	\$ <u>28,639,939</u>

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

**TOWN OF HARTFORD, VERMONT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**  
(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	\$ 17,559,404
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	87,480,362
Accumulated depreciation	(44,706,857)
Lease asset	19,606
Accumulated amortization	(11,204)
Liabilities not due and payable in the year are not reported in the governmental funds.	
Accrued compensated absences	(599,601)
Other postemployment benefits	(15,833,385)
Accrued interest on long-term debt	(53,987)
Long-term debt	(19,033,914)
Lease liability	(12,781)
Deferred taxes are reported in the governmental funds to offset uncollected taxes which are not available financial resources.	
Deferred property taxes	482,819
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	1,604,455
Deferred pension credits	(1,860,007)
Net pension liability	<u>(3,008,006)</u>
Net position of governmental activities - Government-wide Statement of Net Position	\$ <u>22,026,904</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, 2022**

(Page 1 of 3)

	General Fund	Community Development Fund	TIF Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
<b>REVENUES:</b>						
Property taxes	\$ 14,479,154	\$ -	\$ 613,924	\$ -	\$ -	\$ 15,093,078
Intergovernmental	490,335	402,110	-	1,568,889	4,716	2,466,050
Fees, licenses and permits	728,370	-	-	-	-	728,370
Charges for goods and services	1,856,264	-	-	-	-	1,856,264
Investment income (loss)	90,494	12,821	3,139	-	(442)	106,012
Miscellaneous	108,227	-	-	-	19,794	128,021
Total revenues	<u>17,752,844</u>	<u>414,931</u>	<u>617,063</u>	<u>1,568,889</u>	<u>24,068</u>	<u>20,377,795</u>
<b>EXPENDITURES:</b>						
Current -						
General government	1,735,602	-	15,524	-	-	1,751,126
Public safety	7,462,583	-	-	-	4,933	7,467,516
Public works	1,919,744	-	-	-	-	1,919,744
Health and social services	372,839	-	-	-	-	372,839
Parks and recreation	1,225,470	-	-	-	25,202	1,250,672
Conservation and development	500,736	9,382	-	-	-	510,118
Cultural	361,688	-	-	-	-	361,688
Contingencies	3,227	-	-	-	-	3,227
Capital expenditures	3,297	-	-	-	-	3,297
Reserve expenditures	253,393	-	-	-	-	253,393
Capital outlay	3,327,081	399,177	333,631	1,567,885	-	5,627,774

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, 2022**

(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>
<b>EXPENDITURES (CONTINUED):</b>						
Debt service - principal - long-term debt	804,533	-	238,050	-	-	1,042,583
- principal - lease	6,825	-	-	-	-	6,825
- interest - long-term debt	419,899	-	137,256	-	-	557,155
- interest - lease	784	-	-	-	-	784
Total expenditures	<u>18,397,701</u>	<u>408,559</u>	<u>724,461</u>	<u>1,567,885</u>	<u>30,135</u>	<u>21,128,741</u>
EXCESS OF REVENUES OR (EXPENDITURES)	(644,857)	6,372	(107,398)	1,004	(6,067)	(750,946)
<b>OTHER FINANCING SOURCES (USES):</b>						
Loan proceeds	-	-	2,400,800	-	-	2,400,800
Insurance recoveries	3,274	-	-	-	-	3,274
Interfund transfers in (out), net	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>
Total other financing sources (uses)	<u>(246,726)</u>	<u>-</u>	<u>2,400,800</u>	<u>-</u>	<u>-</u>	<u>2,154,074</u>
NET CHANGE IN FUND BALANCES	(891,583)	6,372	2,293,402	1,004	(6,067)	1,403,128
FUND BALANCES (DEFICIT) , July 1, 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>
FUND BALANCES (DEFICIT), June 30, 2022	<u>\$ 10,168,438</u>	<u>\$ 550,393</u>	<u>\$ 6,386,093</u>	<u>\$ (119,298)</u>	<u>\$ 573,778</u>	<u>\$ 17,559,404</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, 2022**

(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	\$ 1,403,128
Amounts reported for governmental activities in the Government-wide Statement 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	5,636,414
Depreciation	(3,234,348)
Amortization	(11,204)
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	32,021
(Increase) decrease in other postemployment benefits	(2,376,498)
(Increase) decrease in accrued interest on long-term debt	(12,794)
Proceeds from long-term debt	(2,400,800)
Principal payments on long-term debt	1,042,583
Principal payments on lease	6,825
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	(604,063)
Current year - deferred property taxes	482,819
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>(169,286)</u>
Change in net position of governmental activities - Government-wide Statement of Activities	\$ <u>(205,203)</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, 2022**

(Page 1 of 3)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
<b>REVENUES:</b>			
Property taxes	\$ 14,539,790	\$ 14,479,154	\$ (60,636)
Intergovernmental	387,156	490,335	103,179
Fees, licenses and permits	332,526	728,370	395,844
Charges for services	1,663,221	1,856,264	193,043
Investment income	55,837	90,494	34,657
Miscellaneous	<u>53,871</u>	<u>108,227</u>	<u>54,356</u>
Total revenues	<u>17,032,401</u>	<u>17,752,844</u>	<u>720,443</u>
<b>EXPENDITURES:</b>			
General government -			
Selectboard	68,701	47,872	(20,829)
Boards and commissions	51,248	7,722	(43,526)
Administrative manager	488,794	451,267	(37,527)
Election administration	27,718	17,552	(10,166)
Advice and litigation	50,000	6,187	(43,813)
Vital statistics	197,187	201,909	4,722
Municipal offices	116,773	121,765	4,992
Financial management	465,838	358,981	(106,857)
Auditing	42,000	28,243	(13,757)
Valuation	207,285	222,862	15,577
Delinquent tax collection	38,272	24,753	(13,519)
Information technology	<u>218,242</u>	<u>253,581</u>	<u>35,339</u>
Total general government	<u>1,972,058</u>	<u>1,742,694</u>	<u>(229,364)</u>
Public safety -			
Police services	3,194,383	2,578,771	(615,612)
Special duty police	-	6,262	6,262
Emergency services	3,883,084	3,856,869	(26,215)
Dispatch services	1,094,503	986,930	(107,573)
County judicial services	<u>109,000</u>	<u>99,686</u>	<u>(9,314)</u>
Total public safety	<u>8,280,970</u>	<u>7,528,518</u>	<u>(752,452)</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, 2022**

(Page 2 of 3)

	<u>Original and Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Public works -			
Summer maintenance	1,241,218	732,301	(508,917)
Winter maintenance	676,815	605,554	(71,261)
Bridge maintenance	5,000	37,188	32,188
Street and traffic lighting	60,923	54,238	(6,685)
Traffic control	25,000	26,951	1,951
Sidewalk maintenance	6,000	-	(6,000)
Equipment operation and maintenance	496,671	430,283	(66,388)
General highway	226,803	243,023	16,220
Total public works	<u>2,738,430</u>	<u>2,129,538</u>	<u>(608,892)</u>
Health and social services -			
Cemeteries	14,400	2,000	(12,400)
Trees	1,000	-	(1,000)
Health inspection	1,645	1,962	317
Community health	61,982	61,982	-
Mental health services	7,000	7,000	-
Senior services	145,195	144,700	(495)
Low income services	9,000	9,000	-
Youth and adult services	24,445	24,445	-
General appropriated services	121,750	121,750	-
Total health and social services	<u>386,417</u>	<u>372,839</u>	<u>(13,578)</u>
Parks and recreation -			
Program administration	240,246	239,633	(613)
Swim program	19,300	49,949	30,649
Youth program	286,531	303,167	16,636
Adult program	16,500	6,497	(10,003)
Community activities	51,532	23,646	(27,886)
Parks maintenance	228,276	208,361	(19,915)
Buildings maintenance	11,982	10,112	(1,870)
Maxfield sports grounds	119,358	84,174	(35,184)
Maxfield sports buildings	16,993	19,932	2,939
Barwood arena	306,933	297,798	(9,135)
Welcome center	25,336	11,796	(13,540)
Total parks and recreation	<u>1,322,987</u>	<u>1,255,065</u>	<u>(67,922)</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, 2022**

(Page 3 of 3)

	Original and Final <u>Budget</u>	Actual (Budgetary <u>Basis)</u>	Variance Over <u>(Under)</u>
<b>EXPENDITURES (CONTINUED):</b>			
Planning and development -			
Conservation	2,805	1,457	(1,348)
Zoning	120,498	114,658	(5,840)
Planning and development	464,060	380,116	(83,944)
Housing and community development	5,150	1,098	(4,052)
Historic preservation	3,265	260	(3,005)
Energy	6,205	1,253	(4,952)
Resilience	1,760	1,894	134
Total conservation and development	<u>603,743</u>	<u>500,736</u>	<u>(103,007)</u>
Cultural -			
Library appropriations	<u>361,741</u>	<u>361,688</u>	<u>(53)</u>
Employee insurance costs	<u>-</u>	<u>517</u>	<u>517</u>
Contingencies	<u>-</u>	<u>3,227</u>	<u>3,227</u>
Capital expenditures	<u>382,126</u>	<u>2,824,868</u>	<u>2,442,742</u>
Reserve expenditures	<u>-</u>	<u>453,579</u>	<u>453,579</u>
Debt service -			
Debt service - principal	609,512	804,533	195,021
Debt service - interest	299,543	419,899	120,356
Total debt service	<u>909,055</u>	<u>1,224,432</u>	<u>315,377</u>
Total expenditures	<u>16,957,527</u>	<u>18,397,701</u>	<u>1,440,174</u>
EXCESS OF REVENUES OR (EXPENDITURES)	74,874	(644,857)	(719,731)
<b>OTHER FINANCING SOURCES (USES):</b>			
Insurance recoveries	-	3,274	3,274
Interfund transfers in (out), net	<u>(74,874)</u>	<u>(250,000)</u>	<u>(175,126)</u>
Total other financing sources (uses)	<u>(74,874)</u>	<u>(246,726)</u>	<u>(171,852)</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>(891,583)</u>	\$ <u>(891,583)</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, 2022**

	<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>
<b>ASSETS:</b>				
Current assets -				
Cash and cash equivalents	\$ 962,214	\$ 2,639,143	\$ 436,793	\$ 4,038,150
Accounts receivable, net	304,182	596,853	15,529	916,564
Prepaid expenses	-	59,043	-	59,043
Due from other funds	<u>2,513,671</u>	<u>3,243,243</u>	<u>277,118</u>	<u>6,034,032</u>
Total current assets	<u>3,780,067</u>	<u>6,538,282</u>	<u>729,440</u>	<u>11,047,789</u>
Noncurrent assets -				
Capital assets	15,811,703	40,269,344	2,372,457	58,453,504
less - accumulated depreciation	<u>(8,690,223)</u>	<u>(28,650,577)</u>	<u>(2,180,593)</u>	<u>(39,521,393)</u>
Total noncurrent assets	<u>7,121,480</u>	<u>11,618,767</u>	<u>191,864</u>	<u>18,932,111</u>
Total assets	<u>10,901,547</u>	<u>18,157,049</u>	<u>921,304</u>	<u>29,979,900</u>
<b>LIABILITIES:</b>				
Current liabilities -				
Accounts payable	281,308	128,992	73,653	483,953
Accrued interest	59,425	68,652	-	128,077
Accrued wages	4,896	9,320	1,421	15,637
Current portion of accrued postclosure liability	-	-	23,000	23,000
Current portion of long-term debt	<u>255,899</u>	<u>648,122</u>	<u>-</u>	<u>904,021</u>
Total current liabilities	<u>601,528</u>	<u>855,086</u>	<u>98,074</u>	<u>1,554,688</u>
Noncurrent liabilities -				
Accrued compensated absences	20,988	53,598	3,453	78,039
Other postemployment benefits	696,895	1,543,440	119,897	2,360,232
Accrued postclosure liability	-	-	138,000	138,000
Long-term debt	<u>2,662,917</u>	<u>7,664,165</u>	<u>-</u>	<u>10,327,082</u>
Total noncurrent liabilities	<u>3,380,800</u>	<u>9,261,203</u>	<u>261,350</u>	<u>12,903,353</u>
Total liabilities	<u>3,982,328</u>	<u>10,116,289</u>	<u>359,424</u>	<u>14,458,041</u>
<b>NET POSITION:</b>				
Net investment in capital assets	4,202,664	3,306,480	191,864	7,701,008
Unrestricted	<u>2,716,555</u>	<u>4,734,280</u>	<u>370,016</u>	<u>7,820,851</u>
Total net position	<u>\$ 6,919,219</u>	<u>\$ 8,040,760</u>	<u>\$ 561,880</u>	<u>\$ 15,521,859</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, 2022**

	Water <u>Fund</u>	Wastewater <u>Fund</u>	Solid Waste <u>Fund</u>	Totals Proprietary <u>Funds</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,602,215	\$ 3,056,486	\$ 454,160	\$ 5,112,861
Miscellaneous	<u>1,776</u>	<u>2,890</u>	<u>21,000</u>	<u>25,666</u>
Total operating revenues	<u>1,603,991</u>	<u>3,059,376</u>	<u>475,160</u>	<u>5,138,527</u>
<b>OPERATING EXPENSES:</b>				
Operation and maintenance	281,227	794,647	501,494	1,577,368
Salaries and benefits	590,137	1,149,096	153,890	1,893,123
Depreciation	<u>392,822</u>	<u>1,123,841</u>	<u>48,240</u>	<u>1,564,903</u>
Total operating expenses	<u>1,264,186</u>	<u>3,067,584</u>	<u>703,624</u>	<u>5,035,394</u>
Operating income (loss)	<u>339,805</u>	<u>(8,208)</u>	<u>(228,464)</u>	<u>103,133</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Debt forgiveness	-	94,961	-	94,961
Investment income	8,830	20,121	1,158	30,109
Interest expense	<u>(84,979)</u>	<u>(155,412)</u>	<u>-</u>	<u>(240,391)</u>
Total nonoperating revenues (expenses)	<u>(76,149)</u>	<u>(40,330)</u>	<u>1,158</u>	<u>(115,321)</u>
INCOME (LOSS) BEFORE TRANSFERS	263,656	(48,538)	(227,306)	(12,188)
Operating transfers in	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
CHANGE IN NET POSITION	263,656	(48,538)	22,694	237,812
NET POSITION, July 1, 2021	<u>6,655,563</u>	<u>8,089,298</u>	<u>539,186</u>	<u>15,284,047</u>
NET POSITION, June 30, 2022	\$ <u>6,919,219</u>	\$ <u>8,040,760</u>	\$ <u>561,880</u>	\$ <u>15,521,859</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, 2022**

(Page 1 of 2)

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Totals Proprietary Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 1,588,728	\$ 3,043,329	\$ 464,951	\$ 5,097,008
Cash paid to suppliers for goods and services	(74,107)	(938,047)	(492,053)	(1,504,207)
Cash paid to employees for services	<u>(524,379)</u>	<u>(940,125)</u>	<u>(157,257)</u>	<u>(1,621,761)</u>
Net cash provided (used) by operating activities	<u>990,242</u>	<u>1,165,157</u>	<u>(184,359)</u>	<u>1,971,040</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of capital assets	(293,319)	(164,556)	-	(457,875)
Debt forgiveness	-	94,961	-	94,961
Proceeds from long-term debt	146,253	321,138	-	467,391
Transfers in (out)	-	(46,800)	-	(46,800)
Principal paid on bonds	(217,097)	(703,894)	-	(920,991)
Interest paid on bonds	<u>(84,979)</u>	<u>(155,412)</u>	<u>-</u>	<u>(240,391)</u>
Net cash provided (used) by capital and related financing activities	<u>(449,142)</u>	<u>(654,563)</u>	<u>-</u>	<u>(1,103,705)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in (out)	-	46,800	250,000	296,800
Change in due to/from other funds	<u>(551,915)</u>	<u>(536,790)</u>	<u>(108,899)</u>	<u>(1,197,604)</u>
Net cash provided (used) by noncapital financing activities	<u>(551,915)</u>	<u>(489,990)</u>	<u>141,101</u>	<u>(900,804)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	<u>8,830</u>	<u>20,121</u>	<u>1,158</u>	<u>30,109</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,985)	40,725	(42,100)	(3,360)
CASH AND CASH EQUIVALENTS, July 1, 2021	<u>964,199</u>	<u>2,598,418</u>	<u>478,893</u>	<u>4,041,510</u>
CASH AND CASH EQUIVALENTS, June 30, 2022	\$ <u>962,214</u>	\$ <u>2,639,143</u>	\$ <u>436,793</u>	\$ <u>4,038,150</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, 2022**

(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>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 339,805	\$ (8,208)	\$ (228,464)	\$ 103,133
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
Depreciation	392,822	1,123,841	48,240	1,564,903
(Increase) decrease in accounts receivable	(15,263)	(16,047)	(10,209)	(41,519)
Increase (decrease) in -				
Prepaid expenses	-	(59,043)	-	(59,043)
Accounts payable	189,816	(77,646)	32,441	144,611
Accrued interest	17,304	(6,711)	-	10,593
Accrued postclosure liability	-	-	(23,000)	(23,000)
Accrued wages	(17,042)	(24,935)	(4,216)	(46,193)
Other postemployment benefits	92,620	233,730	960	327,310
Accrued compensated absences	<u>(9,820)</u>	<u>176</u>	<u>(111)</u>	<u>(9,755)</u>
Net cash provided (used) by operating activities	\$ <u>990,242</u>	\$ <u>1,165,157</u>	\$ <u>(184,359)</u>	\$ <u>1,971,040</u>

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

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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, 2022**

**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, 2022**

**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 1<sup>st</sup>. 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, 2022, were payable in two installments due August 20, 2021 and February 11, 2022.

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 \$282, in unemployment claims during the year ended June 30, 2022.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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. Prepaid items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

K. 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

L. 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.

M. 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, 2022**

**1. Summary of significant accounting policies (continued):**

- N. 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.
- O. Long-term obligations - Governmental activities, business-type activities, and 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.
- P. 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.

- Q. New accounting standard - The Town has implemented GASB Statement No. 87, *Leases*. This statement improves accounting and financial reporting for leases by state and local governments. The impact on these financial statements is that the Town's financed purchases have been reclassified from capital leases to direct borrowings of long-term debt, and the presentation of the Town's lease for a vehicle has been reported in accordance with GASB Statement No. 87.

**2. Deposits and investments:**

Fair value and classification - Deposits and investments are stated at fair value as described in note 1.I. All of the Town's investments as of June 30, 2022, were classified as mutual funds.

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022, \$3,240,101 of the Town's bank balance of \$31,291,593 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, 2022, 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, 2022, are as follows:

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.	\$ 39,253
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.	4,968
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.	134,891
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.	28,461
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.	<u>394,245</u>
	<b>\$ <u>1,620,251</u></b>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**4. Capital assets:**

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental activities -</b>				
Capital assets, not depreciated:				
Construction in progress	\$ 9,364,132	\$ 4,832,823	\$ 555,025	\$ 13,641,930
Land	1,431,658	-	-	1,431,658
Total capital assets, not depreciated	<u>10,795,790</u>	<u>4,832,823</u>	<u>555,025</u>	<u>15,073,588</u>
Capital assets, depreciated:				
Land improvements	1,653,324	-	-	1,653,324
Buildings and improvements	19,849,411	58,743	-	19,908,154
Vehicles and equipment	10,998,505	1,168,918	211,261	11,956,162
Infrastructure	38,742,099	147,035	-	38,889,134
Total capital assets, depreciated	<u>71,243,339</u>	<u>1,374,696</u>	<u>211,261</u>	<u>72,406,774</u>
Less accumulated depreciation for:				
Land improvements	552,224	79,496	-	631,720
Buildings and improvements	7,360,829	851,414	-	8,212,243
Vehicles and equipment	7,738,472	858,485	195,181	8,401,776
Infrastructure	26,016,165	1,444,953	-	27,461,118
Total accumulated depreciation	<u>41,667,690</u>	<u>3,234,348</u>	<u>195,181</u>	<u>44,706,857</u>
Total capital assets, depreciated, net	<u>29,575,649</u>	<u>(1,859,652)</u>	<u>16,080</u>	<u>27,699,917</u>
Capital assets, net, governmental activities	<u>40,371,439</u>	<u>2,973,171</u>	<u>571,105</u>	<u>42,773,505</u>
<b>Business-type activities -</b>				
Capital assets, not depreciated:				
Construction in progress	2,553,409	396,811	-	2,950,220
Land	424,307	-	-	424,307
Total capital assets, not depreciated	<u>2,977,716</u>	<u>396,811</u>	<u>-</u>	<u>3,374,527</u>
Capital assets, depreciated:				
Land improvements	147,002	-	-	147,002
Buildings and improvements	27,858,484	-	-	27,858,484
Vehicles and equipment	1,413,210	61,064	-	1,474,274
Infrastructure	25,599,217	-	-	25,599,217
Total capital assets, depreciated	<u>55,017,913</u>	<u>61,064</u>	<u>-</u>	<u>55,078,977</u>
Less accumulated depreciation for:				
Land improvements	110,350	5,520	-	115,870
Buildings and improvements	19,555,427	848,301	-	20,403,728
Vehicles and equipment	1,232,030	51,270	-	1,283,300
Infrastructure	17,058,683	659,812	-	17,718,495
Total accumulated depreciation	<u>37,956,490</u>	<u>1,564,903</u>	<u>-</u>	<u>39,521,393</u>
Total capital assets, depreciated, net	<u>17,061,423</u>	<u>(1,503,839)</u>	<u>-</u>	<u>15,557,584</u>
Capital assets, net, business-type activities	<u>20,039,139</u>	<u>(1,107,028)</u>	<u>-</u>	<u>18,932,111</u>
Capital assets, net	<u>\$ 60,410,578</u>	<u>\$ 1,866,143</u>	<u>\$ 571,105</u>	<u>\$ 61,705,616</u>

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**4. Capital assets (continued):**

Depreciation expense of \$3,234,348 in the governmental activities was allocated to expenses of the general government (\$183,287), public safety (\$530,253), public works (\$1,770,292), health and social services (\$6,066), parks and recreation (\$713,146) and cultural (\$31,304) programs based on capital assets assigned to those functions.

Depreciation expense of \$1,564,903 in the business-type activities was allocated to expenses of the water (\$392,822), wastewater (\$1,123,841) and solid waste (\$48,240) 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, 2022, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Governmental funds -</b>		
General Fund	\$ -	\$ 6,472,048
Community Development Fund	119,134	-
TIF Fund	35,753	-
Capital Projects Fund	-	205,863
Other Governmental Funds	<u>488,992</u>	<u>-</u>
	<u>643,879</u>	<u>6,677,911</u>
<b>Proprietary funds -</b>		
Water Fund	2,513,671	-
Wastewater Fund	3,243,243	-
Solid Waste Fund	<u>277,118</u>	<u>-</u>
	<u>6,034,032</u>	<u>-</u>
	<u>\$ 6,677,911</u>	<u>\$ 6,677,911</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, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Governmental funds -</b>		
General Fund	\$ -	\$ 250,000
<b>Proprietary funds -</b>		
Solid Waste Fund	<u>250,000</u>	<u>-</u>
	<u>\$ 250,000</u>	<u>\$ 250,000</u>

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.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**7. Long-term obligations:**

Long-term obligations activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental activities -</b>					
Accrued compensated absences	\$ 631,622	\$ -	\$ 32,021	\$ 599,601	\$ 149,900
Other postemployment benefits	13,456,887	2,376,498	-	15,833,385	-
Net pension liability	5,121,701	-	2,113,695	3,008,006	-
Direct borrowings	17,675,697	2,400,800	1,042,583	19,033,914	1,215,285
Lease liability	19,606	-	6,825	12,781	12,781
	<u>\$ 36,905,513</u>	<u>\$ 4,777,298</u>	<u>\$ 3,195,124</u>	<u>\$ 38,487,687</u>	<u>\$ 1,377,966</u>
<b>Business-type activities -</b>					
Accrued compensated absences	\$ 87,794	\$ -	\$ 9,756	\$ 78,038	\$ 19,510
Other postemployment benefits	2,032,922	327,310	-	2,360,232	-
Accrued postclosure liability	184,000	-	23,000	161,000	23,000
Direct borrowings	11,684,703	467,391	920,991	11,231,103	904,021
	<u>\$ 13,989,419</u>	<u>\$ 794,701</u>	<u>\$ 953,747</u>	<u>\$ 13,830,373</u>	<u>\$ 946,531</u>
Total long-term obligations	<u>\$ 50,894,932</u>	<u>\$ 5,571,999</u>	<u>\$ 4,148,871</u>	<u>\$ 52,318,060</u>	<u>\$ 2,324,497</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 \$161,000 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, 2022, was \$327,842. 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, 2022. 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.

**9. Debt:**

Short-term - During the prior 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 matured in March 2022. The Town did not borrow on this note.

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**9. Debt (continued):**

Short-term (continued) -

During the year, the Town obtained a line of credit in the form of a 2.65% promissory note in the amount of \$5,000,000 which matures in May 2023. As of the date of this report, the Town has not borrowed on this note.

Long-term - Outstanding long-term debt as of June 30, 2022, 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.	\$ 624,374
General obligation note, Vermont Municipal Bond Bank - 2017 Series 4, various interest rates, annual principal payment of \$307,750, due November 2033.	3,693,000
General obligation note, Vermont Municipal Bond Bank - 2014 Series 3, various interest rates, annual principal payment of \$45,000, due November 2034.	585,000
General obligation note, Vermont Municipal Bond Bank - 2014 Series 3, various interest rates, annual principal payment of \$245,000, due November 2034.	3,185,000
General obligation note, Vermont Municipal Bond Bank - 2017 Series 3, various interest rates, annual principal payment of \$106,300, due November 2037.	1,700,800
General obligation note, Vermont Municipal Bond Bank - 2020 Series 2, various interest rates, annual principal payment of \$86,750, due November 2040.	1,648,250
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.	3,177,000
General obligation note, Vermont Municipal Bond Bank - 2022 Series 1, various interest rates, annual principal payment of \$28,910, due November 2042.	578,200
General obligation note, Vermont Municipal Bond Bank - 2022 Series 1, various interest rates, annual principal payment of \$91,130, due November 2042.	1,822,600
Financed purchase contract, for a zamboni, annual payment of \$25,001, including interest, secured by financed equipment, due October 2025.	88,107
Financed purchase contract, for a ladder truck, annual payment of \$93,507, including interest, secured by financed equipment, due May 2029.	580,589
Financed purchase contract, for parks & recreation van, annual payment of \$8,680, including interest, secured by financed equipment, due December 2025.	28,910

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**9. Debt (continued):**

Long-term (continued) -

**Governmental activities - notes from direct borrowings (continued):**

Financed purchase contract, for softball field lighting, annual payment of \$17,790, including interest, secured by financed equipment, due September 2030.	126,728
Financed purchase contract, for REALice system, annual payment of \$8,462, including interest, secured by financed equipment, due November 2024.	23,394
Financed purchase contract, for Toro groomer, annual payment of \$5,479, including interest, secured by financed equipment, due July 2025.	15,049
Financed purchase contract, for Simulcast radio system, semi-annual payments of \$25,125, including interest, secured by financed equipment, due May 2029.	<u>313,013</u>
	<u>\$ 19,033,914</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.	\$ 646,540
General obligation note, Vermont Municipal Bond Bank - AR1-006, no interest, admin fee at 2%, annual payment of \$39,915, due September 2031.	358,543
General obligation note, Vermont Municipal Bond Bank - AR1-099, no interest, admin fee at 2%, annual payment of \$426,603, due June 2033.	4,175,095
General obligation note, Vermont Municipal Bond Bank - AR1-041, no interest, admin fee at 2%, annual payment of \$302,969, due September 2032.	2,965,111
General obligation note, Vermont Municipal Bond Bank - RF3-329, interest at 1%, admin fee at 2%, annual payment of \$110,836, due August 2037.	1,392,216
General obligation note, Vermont Municipal Bond Bank - RF1-188, no interest or admin fee, annual payment of \$3,484, due September 2032.	34,838
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 2026.	6,275
General obligation note, Vermont Municipal Bond Bank - RF1-222, no interest, admin fee at 2%, annual payments of \$40,181, (based on current borrowings), due August 2041.	657,021
General obligation note, Vermont Municipal Bond Bank - RF3-390, interest at 1%, admin fee at 2%, annual payments of \$58,320, (based on current borrowings), due October 2041.	867,657
General obligation note, Vermont Municipal Bond Bank - RF1-271, no interest or admin fee, due December 2025.	76,001

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**9. Debt (continued):**

Long-term (continued) -

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

General obligation note, Vermont Municipal Bond Bank - RF1-291, interest at 2%, no admin fee, annual payments of \$2,410, (based on current borrowings), due October 2043. 39,403

General obligation note, Vermont Municipal Bond Bank - RF3-467 interest at 2%, no admin fee, annual payments of \$759, (based on current borrowings), due December 2042. 12,403

\$ 11,231,103

Long-term debt activity for the year ended June 30, 2022, was as follows:

	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2022</u>	Due Within <u>One Year</u>
<b>Governmental activities -</b>					
Notes from direct borrowings:					
VMBB - 2012 Series 1	\$ 681,135	\$ -	\$ 56,761	\$ 624,374	\$ 56,761
VMBB - 2017 Series 4	4,000,750	-	307,750	3,693,000	307,750
VMBB - 2014 Series 3	630,000	-	45,000	585,000	45,000
VMBB - 2014 Series 3	3,430,000	-	245,000	3,185,000	245,000
VMBB - 2017 Series 3	1,807,100	-	106,300	1,700,800	106,300
VMBB - 2020 Series 2	1,735,000	-	86,750	1,648,250	86,750
VMBB - 2021 Series 1	843,900	-	-	843,900	42,195
VMBB - 2021 Series 1	3,177,000	-	-	3,177,000	158,850
VMBB - 2022 Series 1	-	578,200	-	578,200	-
VMBB - 2022 Series 1	-	1,822,600	-	1,822,600	-
Financed purchases:					
Fingerprinting equipment	4,775	-	4,775	-	-
2018 International truck	29,685	-	29,685	-	-
Zamboni	107,450	-	19,343	88,107	20,361
Ladder truck	653,886	-	73,297	580,589	75,563
Parks & Recreation van	34,886	-	5,976	28,910	6,439
Softball field lighting	137,701	-	10,973	126,728	11,517
REALice system	30,572	-	7,178	23,394	7,480
Toro Groomer	19,525	-	4,476	15,049	4,736
Simulcast radio system	352,332	-	39,319	313,013	40,583
	<u>17,675,697</u>	<u>2,400,800</u>	<u>1,042,583</u>	<u>19,033,914</u>	<u>1,215,285</u>



**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**9. Debt (continued):**

Long-term (continued) -

	Balance July 1, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2022</u>	Due Within <u>One Year</u>
<b>Business-type activities -</b>					
Notes from direct borrowings:					
RF3-069	796,579	-	150,039	646,540	154,540
AR1-006	390,646	-	32,103	358,543	32,744
AR1-099	4,511,468	-	336,373	4,175,095	343,101
AR1-041	3,204,000	-	238,889	2,965,111	243,667
RF3-329	1,459,274	-	67,058	1,392,216	69,069
RF1-188	69,675	-	34,837	34,838	-
RF1-202	15,687	-	9,412	6,275	1,569
RF1-222	451,039	258,262	52,280	657,021	27,041
RF3-390	733,807	133,850	-	867,657	32,290
RF1-271	52,528	23,473	-	76,001	-
RF1-291	-	39,403	-	39,403	-
RF3-467	-	12,403	-	12,403	-
	<u>11,684,703</u>	<u>467,391</u>	<u>920,991</u>	<u>11,231,103</u>	<u>904,021</u>
	\$ <u>29,360,400</u>	\$ <u>2,868,191</u>	\$ <u>1,963,574</u>	\$ <u>30,265,017</u>	\$ <u>2,119,306</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>
2023	\$ 1,215,285	\$ 538,799	\$ 904,021	\$ 250,308
2024	1,341,696	506,939	930,246	230,488
2025	1,348,334	458,176	951,385	209,358
2026	1,341,179	415,479	1,049,027	187,727
2027	1,314,027	390,605	819,677	165,582
2028-2032	6,181,691	1,362,460	4,368,157	558,306
2033-2037	4,112,937	499,179	1,626,753	168,211
2038-2042	2,058,725	131,422	578,730	40,167
2043-2047	<u>120,040</u>	<u>1,218</u>	<u>3,107</u>	<u>47</u>
	\$ <u>19,033,914</u>	\$ <u>4,304,277</u>	\$ <u>11,231,103</u>	\$ <u>1,810,194</u>

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.

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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.

**10. Lease:**

The Town has entered into an agreement that meets the reporting criteria of a lease in accordance with GASB Statement No 87, *Leases*. The restatement of the government-wide financial statements to report beginning balances of the lease asset and related lease liability, has no effect on beginning net position of the government-wide financial statements. Lease asset and lease liability activity for the year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental activities -</b>				
Lease asset				
Vehicle	\$ <u>19,606</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>19,606</u>
Less accumulated amortization for:				
Vehicle	<u>-</u>	<u>11,204</u>	<u>-</u>	<u>11,204</u>
Lease asset, net	\$ <u><u>19,606</u></u>	\$ <u><u>(11,204)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>8,402</u></u>
 Lease liability				
Vehicle	\$ <u>19,606</u>	\$ <u>-</u>	\$ <u>6,825</u>	\$ <u>12,781</u>

The vehicle lease expires in March 2023. Amortization expense of \$11,204 in the governmental activities was allocated to expenses of the general government.

**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.

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.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**11. Tax increment financing district (continued):**

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 in the permitting stage for residential.

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 (Bridge Street to Joe Reed Drive) is completed; the Currier Street Project is substantially completed with a final section expected to be completed in FY 2023; and section one of the South Main Street project engineering is completed with the remaining section anticipated to be completed in FY 2023.

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. In June of 2022, the remaining section of the South Main, North Main and Gates Street project was financed through a \$895,000 Water State Revolving Fund Loan (RF3-467), a \$750,000 Vermont Clean Water State Revolving Fund Loan (RF1-291), and a \$578,200 VMBB 2022 Series 1 loan. Section 1 construction was completed, and Section 2 construction was initiated in FY22.

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

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**11. Tax increment financing district (continued):**

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. In February of 2021, \$843,900 was issued through the VMBB 2021 Series 1 loan, \$811,600 for the Town Square parking lot improvements and \$32,300 for Maple Street improvements. The remaining \$1,882,600 for the South Main Street parking lot improvements was issued in the VMBB 2022 Series 1 loan. Due to the impacts of the Covid-19 pandemic, project implementation has 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. The Town issued payment in FY22

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's appeal to the State of Vermont's finding using the TIF Issue Resolution Process in TIF Rule 1103, was denied in FY22.

**12. Fund balances:**

As of June 30, 2022, the General Fund reported nonspendable fund balances (\$85,286) related to employee HRA accounts and (\$59,043) related to prepaid expenditures. The remaining fund balances of this fund are restricted (\$621,628) related to bond funding, committed (\$2,759,754) for various reserves, assigned (\$3,699,465) for various encumbrances and planned use of fund balance in the FY23 budget and unassigned (\$2,943,262).

**13. Deficit fund balances:**

As of June 30, 2022, the Recreation Fund has a deficit fund balance of \$69,056. Management intends to recover this deficit through a transfer from the General Fund during the next fiscal year.

As of June 30, 2022, the Capital Projects Fund has a deficit fund balance of \$119,298. Management intends to recover this deficit through a transfer from the General Fund during the next fiscal year.

**14. Restatement:**

The Town has restated beginning net position of the governmental activities of the government-wide financial statements from \$22,212,499 to \$22,232,107, to remove the capital lease obligation for a vehicle, in relation to the implementation of GASB Statement No. 87, *Leases*.

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**15. 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, 2022, were \$75,634.

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 3.25% (Group A), 5.625% (Group B), 10.75% (Group C) or 12.1% (Group D) of their annual covered salary, and the Town is required to contribute 4.75% (Group A), 6.25% (Group B), 8.0% (Group C) or 10.6% (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, 2022, 2021, and 2020, were \$513,398, \$467,926, and \$431,926, respectively. The amount contributed was equal to the required contributions for the year.

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**15. 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 2.0437% proportionate share of VMERS defined benefit plan.

Town's share of VMERS net pension liability	\$ 3,008,006
Deferred outflows of resources - Deferred pension expense	\$ 1,604,455
Deferred inflows of resources - Deferred pension credits	\$ 1,860,007

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.

**16. Other postemployment benefits (OPEB) plan:**

The Town's most recent GASB 74/75 Actuarial Valuation was performed with a valuation date of July 1, 2021, with measurement dates of July 1, 2021 and July 1, 2022, for the reporting dates of June 30, 2022 and June 30, 2023, respectively. The Town's next actuarial valuation is scheduled to be performed with a valuation date of July 1, 2023.

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	64
Active employees	<u>42</u>
	<u>106</u>

**TOWN OF HARTFORD, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**16. Other postemployment benefits (OPEB) plan (continued):**

Total OPEB liability: The Town's total OPEB liability for the year ended June 30, 2022, is \$18,193,617. The Plan is not funded in advance so the net OPEB liability is also \$18,193,617. 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 \$22,675,669 while a decrease of 1% would reduce the OPEB liability to \$14,850,580. An increase of 1% in the discount rate used to calculate future costs would reduce the OPEB liability to \$15,168,186 while a decrease of 1% would increase the OPEB liability to \$22,110,236.

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	2.25% 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

**17. Subsequent events:**

These financial statements were evaluated for subsequent events to be reported in the notes through December 1, 2022, the date the financial statements were available to be issued.

**TOWN OF HARTFORD, VERMONT**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,968	\$ 27,744	\$ 151	\$ -	\$ 25,267	\$ 61,130
Investments	-	-	-	-	23,475	23,475
Grants receivable	1,995	-	-	-	-	1,995
Due from other funds	<u>188,825</u>	<u>-</u>	<u>5,250</u>	<u>391,637</u>	<u>-</u>	<u>585,712</u>
Total assets	\$ <u>198,788</u>	\$ <u>27,744</u>	\$ <u>5,401</u>	\$ <u>391,637</u>	\$ <u>48,742</u>	\$ <u>672,312</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 1,734	\$ 80	\$ -	\$ -	\$ -	\$ 1,814
Due to other funds	<u>-</u>	<u>96,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,720</u>
Total liabilities	<u>1,734</u>	<u>96,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,534</u>
<b>FUND EQUITY:</b>						
Fund balances -						
Nonspendable	-	-	-	-	27,168	27,168
Restricted	197,054	-	5,401	391,637	21,574	615,666
Unassigned	<u>-</u>	<u>(69,056)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,056)</u>
Total fund balances (deficit)	<u>197,054</u>	<u>(69,056)</u>	<u>5,401</u>	<u>391,637</u>	<u>48,742</u>	<u>573,778</u>
Total liabilities, deferred inflows of resources and fund equity	\$ <u>198,788</u>	\$ <u>27,744</u>	\$ <u>5,401</u>	\$ <u>391,637</u>	\$ <u>48,742</u>	\$ <u>672,312</u>



**TOWN OF HARTFORD, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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>
<b>REVENUES:</b>						
Intergovernmental	\$ 4,716	\$ -	\$ -	\$ -	\$ -	\$ 4,716
Miscellaneous revenues	3,000	16,794	-	-	-	19,794
Investment income (loss)	<u>20</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>(542)</u>	<u>(442)</u>
Total revenues	<u>7,736</u>	<u>16,874</u>	<u>-</u>	<u>-</u>	<u>(542)</u>	<u>24,068</u>
<b>EXPENDITURES:</b>						
Public safety	4,933	-	-	-	-	4,933
Recreation	<u>-</u>	<u>25,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,202</u>
Total expenditures	<u>4,933</u>	<u>25,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,135</u>
NET CHANGE IN FUND BALANCES	2,803	(8,328)	-	-	(542)	(6,067)
FUND BALANCES (DEFICIT), July 1, 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>
FUND BALANCES (DEFICIT), June 30, 2022	\$ <u>197,054</u>	\$ <u>(69,056)</u>	\$ <u>5,401</u>	\$ <u>391,637</u>	\$ <u>48,742</u>	\$ <u>573,778</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING STATEMENT OF NET POSITION - WATER FUND**  
**JUNE 30, 2022**

Schedule 3

	<u>Central Water Fund</u>	<u>Quechee Water Fund</u>	<u>Total Water Fund</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 336,524	\$ 625,690	\$ 962,214
Accounts receivable, net	217,178	87,004	304,182
Due from other funds	<u>1,345,170</u>	<u>1,168,501</u>	<u>2,513,671</u>
Total current assets	<u>1,898,872</u>	<u>1,881,195</u>	<u>3,780,067</u>
Noncurrent assets -			
Capital assets	11,518,835	4,292,868	15,811,703
less - accumulated depreciation	<u>(6,582,680)</u>	<u>(2,107,543)</u>	<u>(8,690,223)</u>
Total noncurrent assets	<u>4,936,155</u>	<u>2,185,325</u>	<u>7,121,480</u>
Total assets	<u>6,835,027</u>	<u>4,066,520</u>	<u>10,901,547</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	277,398	3,910	281,308
Accrued interest	21,139	38,286	59,425
Accrued wages	3,250	1,646	4,896
Current portion of long-term debt	<u>186,830</u>	<u>69,069</u>	<u>255,899</u>
Total current liabilities	<u>488,617</u>	<u>112,911</u>	<u>601,528</u>
Noncurrent liabilities -			
Accrued compensated absences	19,097	1,891	20,988
Other postemployment benefits	588,015	108,880	696,895
Long-term debt	<u>1,339,770</u>	<u>1,323,147</u>	<u>2,662,917</u>
Total noncurrent liabilities	<u>1,946,882</u>	<u>1,433,918</u>	<u>3,380,800</u>
Total liabilities	<u>2,435,499</u>	<u>1,546,829</u>	<u>3,982,328</u>
<b>NET POSITION:</b>			
Net investment in capital assets	3,409,555	793,109	4,202,664
Unrestricted	<u>989,973</u>	<u>1,726,582</u>	<u>2,716,555</u>
Total net position	<u>\$ 4,399,528</u>	<u>\$ 2,519,691</u>	<u>\$ 6,919,219</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - WATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Schedule 4

	<u>Central Water Fund</u>	<u>Quechee Water Fund</u>	<u>Total Water Fund</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,121,630	\$ 480,585	\$ 1,602,215
Miscellaneous	<u>1,776</u>	<u>-</u>	<u>1,776</u>
Total operating revenues	<u>1,123,406</u>	<u>480,585</u>	<u>1,603,991</u>
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	213,627	67,600	281,227
Salaries and benefits	451,992	138,145	590,137
Depreciation	<u>258,293</u>	<u>134,529</u>	<u>392,822</u>
Total operating expenses	<u>923,912</u>	<u>340,274</u>	<u>1,264,186</u>
 Operating income (loss)	 <u>199,494</u>	 <u>140,311</u>	 <u>339,805</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income	4,994	3,836	8,830
Interest expense, net of accrued interest	<u>(43,045)</u>	<u>(41,934)</u>	<u>(84,979)</u>
Total nonoperating revenues (expenses)	<u>(38,051)</u>	<u>(38,098)</u>	<u>(76,149)</u>
 CHANGE IN NET POSITION	 161,443	 102,213	 263,656
 NET POSITION, July 1, 2021	 <u>4,238,085</u>	 <u>2,417,478</u>	 <u>6,655,563</u>
 NET POSITION, June 30, 2022	 \$ <u>4,399,528</u>	 \$ <u>2,519,691</u>	 \$ <u>6,919,219</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING STATEMENT OF NET POSITION - WASTEWATER FUND**  
**JUNE 30, 2022**

Schedule 5

	<u>Central Wastewater Fund</u>	<u>Quechee Wastewater Fund</u>	<u>Total Wastewater Fund</u>
<b>ASSETS:</b>			
Current assets -			
Cash and cash equivalents	\$ 1,549,200	\$ 1,089,943	\$ 2,639,143
Accounts receivable, net	348,515	248,338	596,853
Prepaid expenses	59,043	-	59,043
Due from other funds	1,402,290	1,840,953	3,243,243
Total current assets	<u>3,359,048</u>	<u>3,179,234</u>	<u>6,538,282</u>
Noncurrent assets -			
Capital assets	21,965,813	18,303,531	40,269,344
less - accumulated depreciation	<u>(15,306,575)</u>	<u>(13,344,002)</u>	<u>(28,650,577)</u>
Total noncurrent assets	<u>6,659,238</u>	<u>4,959,529</u>	<u>11,618,767</u>
Total assets	<u>10,018,286</u>	<u>8,138,763</u>	<u>18,157,049</u>
<b>LIABILITIES:</b>			
Current liabilities -			
Accounts payable	104,085	24,907	128,992
Accrued interest	15,887	52,765	68,652
Accrued wages	6,306	3,014	9,320
Current portion of long-term debt	389,461	258,661	648,122
Total current liabilities	<u>515,739</u>	<u>339,347</u>	<u>855,086</u>
Noncurrent liabilities -			
Accrued compensated absences	44,161	9,437	53,598
Other postemployment benefits	1,216,064	327,376	1,543,440
Long-term debt	4,739,975	2,924,190	7,664,165
Total noncurrent liabilities	<u>6,000,200</u>	<u>3,261,003</u>	<u>9,261,203</u>
Total liabilities	<u>6,515,939</u>	<u>3,600,350</u>	<u>10,116,289</u>
<b>NET POSITION:</b>			
Net investment in capital assets	1,529,802	1,776,678	3,306,480
Unrestricted	<u>1,972,545</u>	<u>2,761,735</u>	<u>4,734,280</u>
Total net position	<u>\$ 3,502,347</u>	<u>\$ 4,538,413</u>	<u>\$ 8,040,760</u>

**TOWN OF HARTFORD, VERMONT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - WASTEWATER FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Schedule 6

	Central Wastewater <u>Fund</u>	Quechee Wastewater <u>Fund</u>	Total Wastewater <u>Fund</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,746,080	\$ 1,310,406	\$ 3,056,486
Miscellaneous	<u>40</u>	<u>2,850</u>	<u>2,890</u>
Total operating revenues	<u>1,746,120</u>	<u>1,313,256</u>	<u>3,059,376</u>
<b>OPERATING EXPENSES:</b>			
Operation and maintenance	501,538	293,109	794,647
Salaries and benefits	820,547	328,549	1,149,096
Depreciation	<u>527,678</u>	<u>596,163</u>	<u>1,123,841</u>
Total operating expenses	<u>1,849,763</u>	<u>1,217,821</u>	<u>3,067,584</u>
Operating income (loss)	<u>(103,643)</u>	<u>95,435</u>	<u>(8,208)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Debt forgiveness	87,118	7,843	94,961
Investment income	10,825	9,296	20,121
Interest expense, net of accrued interest	<u>(91,076)</u>	<u>(64,336)</u>	<u>(155,412)</u>
Total nonoperating revenues (expenses)	<u>6,867</u>	<u>(47,197)</u>	<u>(40,330)</u>
CHANGE IN NET POSITION	(96,776)	48,238	(48,538)
NET POSITION, July 1, 2021	<u>3,599,123</u>	<u>4,490,175</u>	<u>8,089,298</u>
NET POSITION, June 30, 2022	\$ <u><u>3,502,347</u></u>	\$ <u><u>4,538,413</u></u>	\$ <u><u>8,040,760</u></u>

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

**SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF  
NET PENSION LIABILITY**

Schedule 7

**VMERS**  
**JUNE 30, 2022**

	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Town's proportion of the net pension liability	2.0437%	2.0246%	2.0016%	2.2202%	2.0727%	1.9987%	2.0337%	1.9881%
Town's proportionate share of the net pension liability	\$ 3,008,006	\$ 5,121,701	\$ 3,472,599	\$ 3,123,251	\$ 2,511,201	\$ 2,572,277	\$ 1,567,870	\$ 181,445
Town's covered payroll	\$ 6,398,481	\$ 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	47.011%	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	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

**SCHEDULE OF TOWN'S CONTRIBUTIONS**

Schedule 8

**VMERS**  
**JUNE 30, 2022**

	<u>June 30,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Contractually required contribution	\$ 500,657	\$ 454,869	\$ 419,606	\$ 384,575	\$ 388,880	\$ 313,738	\$ 303,770	\$ 268,542
Contributions in relation to the contractually required contribution	<u>500,657</u>	<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)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Town's covered payroll	\$ 6,398,481	\$ 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	7.825%	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, 2022**

Schedule 9

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability:</b>					
Changes for the year-					
Service cost	\$ 319,909	\$ 325,561	\$ 314,552	\$ 347,699	\$ 295,097
Interest	545,578	531,470	464,064	453,840	345,611
Difference between expected and actual plan experience	(2,728,593)	-	352,119	-	3,022,954
Changes in assumptions	5,014,321	-	203,486	-	-
Benefit payments	<u>(447,407)</u>	<u>(449,167)</u>	<u>(429,825)</u>	<u>(477,373)</u>	<u>(296,328)</u>
Net OPEB expense	2,703,808	407,864	904,396	324,166	3,367,334
Total OPEB Liability - beginning of year	15,489,809	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>-</u>	<u>597,022</u>
Total OPEB Liability - end of year	\$ <u>18,193,617</u>	\$ <u>15,489,809</u>	\$ <u>15,081,945</u>	\$ <u>14,177,549</u>	\$ <u>13,853,383</u>
Covered-employee payroll	\$ 7,550,136	\$ 7,435,394	\$ 7,389,688	\$ 7,251,836	\$ 7,052,376
Total OPEB liability as a percentage of covered-employee payroll	41.50%	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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 1, 2022.

**Report on 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 or significant deficiencies may exist that have not been identified.

**Report on 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 financial statements. 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 2022-001.



## **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  
December 1, 2022

*Melzyth Jennett* 9  
*Shosh-Nisa, P.L.*

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

The Selectboard  
Town of Hartford, Vermont

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Hartford, Vermont's (the Town) compliance with the types of compliance requirements identified as subject to audit in the 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, 2022. 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.

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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Hartford, Vermont and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance we

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Town of Hartford, Vermont as of and for the year ended June 30, 2022, and have issued our report thereon dated December 1, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Montpelier, Vermont  
December 1, 2022

*Margaret Bennett* 9  
*Shosh-Nisa, P.L.*

**TOWN OF HARTFORD, VERMONT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(Page 1 of 2)

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
<b>U.S. Department of Agriculture:</b>				
Passed through the Vermont Department of Forests - Parks and Recreation				
Cooperative Forestry Assistance	10.664	06130-UCF-ADP-21-08	\$ -	\$ <u>1,100</u>
<b>U.S. Department of the Interior:</b>				
Passed through the Vermont Agency of Commerce and Community Development -				
Historic Preservation Fund Grants-In-Aid	15.904	07110-VT-20-10006	-	<u>2,554</u>
<b>U.S. Department of Transportation:</b>				
Passed through the Vermont Agency of Transportation -				
Highway Planning and Construction cluster				
Highway Planning and Construction	20.205	CA0135	-	1,567,885
Highway Planning and Construction	20.205	EH0015	-	<u>399,177</u>
Total Highway Planning and Construction cluster			-	<u>1,967,062</u>
<b>U.S. Environmental Protection Agency:</b>				
Passed through the Vermont State Revolving Fund -				
Clean Water State Revolving Fund (CWSRF) Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458	Loan RF1-222	-	17,281
Capitalization Grants for Clean Water State Revolving Funds	66.458	Loan RF1-271	-	2,997
Capitalization Grants for Clean Water State Revolving Funds	66.458	Loan RF1-291	-	<u>62,515</u>
Total Clean Water State Revolving Fund (CWSRF) cluster			-	<u>82,793</u>
Drinking Water State Revolving Fund (DWSRF) Cluster				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Loan RF3-390	-	23,534
Capitalization Grants for Drinking Water State Revolving Funds	66.468	Loan RF3-467	-	<u>209,057</u>
Total Drinking Water State Revolving Fund (DWSRF) cluster			-	<u>232,591</u>
Total U.S. Environmental Protection Agency			-	<u>315,384</u>

**TOWN OF HARTFORD, VERMONT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2022**

(Page 2 of 2)

Federal Grantor/Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Passed Through to <u>Subrecipients</u>	<u>Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>				
Passed through the Vermont				
Department of Health -				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	03420-08802	-	1,610
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	03420-09184	<u>-</u>	<u>385</u>
Total Epidemiology and Laboratory Capacity for Infection Diseases (ELC)			<u>-</u>	<u>1,995</u>
Total expenditures of federal awards			\$ <u>-</u>	\$ <u>2,288,095</u>

**TOWN OF HARTFORD, VERMONT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**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, 2022. 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 use the 10 percent de minimis indirect cost rate as allowed in the Uniform Guidance.

**TOWN OF HARTFORD, VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 Transportation  
CFDA 20.205 – Highway Planning and Construction*

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:**

**2022-001 - 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, 2022**

**B. Audit Findings - Financial Statements (continued):**

**2022-001 - 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, 2022.

**STATUS OF PRIOR AUDIT FINDINGS  
AS OF JUNE 30, 2022**

Prior audit finding 2021-001 has been repeated in the current year as finding 2022-001.