

TOWN OF HARDWICK, VERMONT

AUDIT REPORT

JUNE 30, 2022

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AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Hardwick, Vermont
P.O. Box 523
Hardwick, Vermont 05843

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund (except as described below), and the aggregate remaining fund information of the Town of Hardwick, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hardwick, Vermont's basic financial statements as listed in the Table of Contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Adverse
General Fund	Unmodified
Jeudevine Building Fund	Unmodified
Equipment Replacement Fund	Unmodified
ARPA Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Electric Fund	Adverse
Aggregate Remaining Fund Information	Unmodified

Adverse Opinions on Business-type Activities and Electric Fund

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the business-type activities and the Electric Fund of the Town of Hardwick, Vermont, as of June 30, 2022, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, General Fund, Jeudevine Building Fund, Equipment Replacement Fund, ARPA Fund, Water Fund, Sewer Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund other than the Electric Fund, and the aggregate remaining fund information of the Town of Hardwick, Vermont, as of June 30, 2022, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in “Government Auditing Standards”, issued by the Comptroller General of the United States. 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 Hardwick, 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinions on Electric Fund and Business-type Activities

Management has not included the Electric Fund in the Town of Hardwick, Vermont’s financial statements. Accounting principles generally accepted in the United States of America require the Electric Fund to be presented as a major enterprise fund and financial information about the Electric Fund to be part of the business-type activities, thus increasing that activity’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, and changing its net position. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the business-type activities and the omitted major fund has not been determined.

Change in Accounting Principles

As described in Note I.F. to the financial statements, effective June 30, 2022, the Town implemented GASB Statement No. 87, “Leases”.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 of Hardwick, Vermont'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 generally accepted auditing standards and "Government Auditing Standards" 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and "Government Auditing Standards", we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of 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 of Hardwick, Vermont'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Hardwick, Vermont'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 on pages 5 through 12, the budgetary comparison information on Schedule 1, the Schedule of Proportionate Share of the Net Pension Liability on Schedule 2 and the Schedule of Contributions on Schedule 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hardwick, Vermont's basic financial statements. The combining fund financial statements and budgetary comparison schedules of the Water and Sewer Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report dated November 9, 2022 on our consideration of the Town of Hardwick, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hardwick, Vermont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the Town of Hardwick, Vermont's internal control over financial reporting and compliance.

November 9, 2022
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

This discussion and analysis of the Town of Hardwick, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ending June 30, 2022. Please keep in mind that this discussion and our financial statements do not include Hardwick Electric, which is a wholly owned Town utility. Hardwick Electric is on a calendar year rather than a fiscal year used by the Town. Their financial statements can be obtained through the Electric Department independent of this discussion.

Financial Highlights (*Government-Wide*) (Exhibit A)

- In Exhibit A, the Town's Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources on June 30, 2022, by \$15,320,960 (net position). This is an increase of \$577,216 over the previous year.
- In Exhibit A, Governmental Activities net position of \$10,455,287 represents an increase of \$457,892 over last year.
- In Exhibit A, \$4,865,673 of the net position represents water and sewer fund activities (business funds). This demonstrates an increase of \$119,324 over the previous year.
- In Exhibit A, \$1,635,132 of the net position is restricted for specific sources such as public safety, culture and recreation, community development, and cemetery perpetual care. This is a decrease from FY 2021 of \$96,449.
- In Exhibit A, \$1,243,088 of governmental activities net position are unrestricted and may be used for future obligations. This is an increase of \$199,821 from June 30, 2021. Some of these include funding for projects related to paving, bridge work, but also for building upgrades and sidewalks.
- In Exhibit A, \$1,288,581 of Business-type Activities Net Position are Unrestricted and may be used to meet the Town's future water and sewer obligations. This is an increase of \$246,712 from June 30, 2021. The increase is due to the increase in water capital balances.

Fund Financial Statements (Exhibits C, D, F and G)

- In Exhibit D, the fund balances of governmental funds decreased by \$28,869 in FY 2022. The decrease can be attributed to the decrease in the equipment replacement fund from purchases made.
- In Exhibit D, the General Fund balance increased by \$50,023 from June 30, 2021. The General Fund balance at the end of FY 2022 was \$1,240,041.
- In Exhibit D, the Jeudevine Building Fund balance increased by \$8,726 in FY2022. The total amount in the fund at year end was \$924,596. These are funds earmarked for the library addition and renovation. The increase was a result of investment income, fundraising, and additional private donations for the building project.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

- In Exhibit D, the Equipment Replacement Fund decreased by \$299,365 in FY2022. The total amount in the fund at year end was \$194,940. This was a result of capital equipment purchases such as a dump truck, police cruiser, and a new Toolcat that were made during the fiscal year.
- In Exhibit F, the Water Fund ended the fiscal year with a net position balance of \$2,962,912, which represented an increase of \$11,675. \$2,198,960 or 75% represents the Town's net investment in capital assets. The cash balance due from the General Account at year end was \$695,510, which was an increase of \$82,671. A total of \$764,952 of net position is unrestricted with \$143,757 set aside for well replacement, \$455,095 set aside for water capital projects, and the remaining \$166,100 available for operations.
- In Exhibit F, the Sewer Fund ended the fiscal year with a net position balance of \$1,901,761, an increase of \$107,649 from the previous year. \$1,378,132 or 73% represents the Town's net investment in capital assets. This increase was primarily due to increased capital balances and work in progress. The cash balance due from the General Account at year end was \$432,457 which was an increase of \$191,232. A total of \$523,629 of net position is unrestricted with \$458,964 set aside for sewer capital projects and \$64,665 available for operations.

OVERVIEW OF THE TOWN'S FINANCIAL STATEMENTS

The Town's financial statements consist of three sections: 1) Government-wide Financial Statements, 2) Fund Financial Statements 3) Notes to the Financial Statements

Government-wide Financial Statements (Exhibits A&B)

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 for the primary government 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 the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two 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.)

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Fund Financial Statements (Exhibits C through J)

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 has three types of funds: governmental funds, proprietary funds, and fiduciary funds. The proprietary funds of the Town are Enterprise Funds (business activities). These cover our water and sewer departments.

Notes to the Financial Statements

The notes provide additional information that is necessary for an understanding of the information in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

Other Information

In addition to the basic financial statements and accompanying notes, the audit report also presents certain *supplementary information*. This supplementary information includes combining statements for various funds and budgetary comparison statements.

Government-wide Financial Analysis

	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Current and Other Assets	\$ 4,218,680	\$ 3,947,001	\$ 1,339,739	\$ 1,092,173	\$ 5,558,419	\$ 5,039,174
Capital Assets	8,297,977	7,721,047	4,796,990	4,922,639	13,094,967	12,643,686
Total Assets	12,516,657	11,668,048	6,136,729	6,014,812	18,653,386	17,682,860
Deferred Outflows of Resources	287,375	432,335	11,292	16,892	298,667	449,227
Current Liabilities	552,401	137,855	20,443	21,329	572,844	159,184
Long-Term Liabilities	1,398,951	1,932,132	1,246,531	1,262,847	2,645,482	3,194,979
Total Liabilities	1,951,352	2,069,987	1,266,974	1,284,176	3,218,326	3,354,163
Deferred Inflows of Resources	397,393	33,001	15,374	1,179	412,767	34,180
Net Position						
Net Investment in						
Capital Assets	7,577,067	7,222,547	3,577,092	3,704,480	11,154,159	10,927,027
Restricted	1,635,132	1,731,581	0	0	1,635,132	1,731,581
Unrestricted	1,243,088	1,043,267	1,288,581	1,041,869	2,531,669	2,085,136
Total Net Position	\$ 10,455,287	\$ 9,997,395	\$ 4,865,673	\$ 4,746,349	\$ 15,320,960	\$ 14,743,744

As stated in Exhibit A, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,320,960 at the end of fiscal year 2022. This is an increase of \$577,216 from the previous year. This means the financial strength of the Town increased by that amount during the year.

**TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

The Town's net position is mostly made up of its investment in capital assets. These assets are used to provide services to its citizens (e.g., land, buildings, equipment, and infrastructure). These are not available for future spending.

A portion of net position (\$1,635,132) is restricted to future use, such as the revolving loan fund. The remaining net position (\$2,531,669) may be used to meet the government's ongoing obligations. Some of the amounts included in unrestricted net position have been designated by management for specific purposes (e.g., capital projects and equipment purchases).

	Governmental Activities		Business-Type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
REVENUES						
Charges for Service	\$ 88,362	\$ 341,948	\$ 804,145	\$ 751,187	\$ 892,507	\$ 1,093,135
Operating Grants and Contributions	244,448	277,920	0	0	244,448	277,920
Capital Grants and Contributions	395,745	525,739	44,452	12,627	440,197	538,366
Property Taxes	2,452,362	2,412,849	0	0	2,452,362	2,412,849
Penalty and Interest on Delinquent Taxes	27,001	27,522	0	0	27,001	27,522
General State Grants	252,798	246,599	0	0	252,798	246,599
Unrestricted Investment Earnings	10,772	21,465	3,998	2,823	14,770	24,288
Insurance Proceeds	6,013	0	0	0	6,013	0
Other Revenues	1,230	1,268	600	0	1,830	1,268
Gain on Sale of Equipment	0	0	1,500	0	1,500	0
Total Revenues	3,478,731	3,855,310	854,695	766,637	4,333,426	4,621,947
EXPENDITURES						
General Government	583,504	547,611	0	0	583,504	547,611
Public Safety	989,153	1,145,009	0	0	989,153	1,145,009
Highways and Streets	1,194,276	1,152,796	0	0	1,194,276	1,152,796
Culture and Recreation	207,247	173,339	0	0	207,247	173,339
Community Development	8,760	20,355	0	0	8,760	20,355
Cemetery	17,202	17,323	0	0	17,202	17,323
Interest on Long-Term Debt	20,697	18,436	0	0	20,697	18,436
Water	0	0	302,168	359,456	302,168	359,456
Sewer	0	0	433,203	649,969	433,203	649,969
Total Expenditures	3,020,839	3,074,869	735,371	1,009,425	3,756,210	4,084,294
Changes in Net Position	457,892	780,441	119,324	(242,788)	577,216	537,653
Net Position - Beginning of Year	9,997,395	9,216,954	4,746,349	4,989,137	14,743,744	14,206,091
Net Position - End of Year	<u>\$ 10,455,287</u>	<u>\$ 9,997,395</u>	<u>\$ 4,865,673</u>	<u>\$ 4,746,349</u>	<u>\$ 15,320,960</u>	<u>\$ 14,743,744</u>

Governmental activities (Exhibit B): Governmental activities increased the Town's net position by \$457,892 in FY 2022. This increase was related to lower-than-expected expenses in Payroll due to a vacancy in the Community Development Coordinator position, savings in the Highway Department with a milder winter (less salt, sand, overtime, fuel & truck maintenance), and insurance cost savings across multiple departments. We also had savings in line items and the Recreation department did not use all their budget.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Business-type activities (Exhibit G): Business-type activities increased the Town's net position by \$119,324. This increase was primarily due to increased capital fund balances.

The Water Fund had an operational profit of \$17,914 and an increase in net position of \$11,675. This was primarily due to increased revenue in charges for services and decreased expenses over last year. The Water Fund did not pay an equipment charge to the General Fund in FY22, which was \$10,000 in previous years.

The Sewer Fund had an operational profit of \$61,650 and an increase in net position of \$107,649. This is primarily due to increased revenue in charges for services. The Sewer Fund did not pay an equipment charge to the General Fund in FY22, which was \$10,000 in previous years. In addition, the portion of salaries and benefits charged to the Sewer Fund by the General Fund was reduced year over year based on a more in-depth analysis of work performed over the course of the year.

Financial Analysis of Major Governmental Funds

The General Fund

The General Fund balance increased by \$50,023 during FY 2022. The total fund balance at year end was \$1,240,041. Of that amount, \$32,478 is non-spendable inventory and prepaid items. The increase in the General Fund Balance can be primarily attributed to expense savings in the Police Department, Highway Department, Line Items, Payroll, and Insurance expense. While we had expense savings of around \$300,000, we fell short of our revenue budget by about \$250,000 due to the loss of the Greensboro police services contract. Since the existing fund balance is 35% of the overall budget and mostly available for use, the Town should not have to borrow funds to cover general operating expenses soon.

Revenues for FY 2022 were lower than FY 2021 by \$294,534 primarily due to decreased revenues from capital grants and contributions, and charges for services, specifically the Greensboro police services contract. Expenditures were \$304,596 under budget. The overall increase in the general fund balance of \$50,023 was primarily due to expense savings in the Police Department, Highway Department, Insurance, Line Items, and some Payroll expense due to a position vacancy. It was a milder winter; therefore, we saved on overtime, salt, sand, and truck maintenance in the Highway Department. Our insurance expense was less than expected based on our positive claims' history. Like the above paragraph, while the expense savings was around \$300,000, the revenues were not what we expected, resulting in the addition of about \$50,000 to the Fund balance.

Jeudevine Building Fund

As reported on Exhibit D, the Jeudevine Building Fund had a year-end balance of \$924,596. These funds are for the addition/renovation of the Jeudevine Memorial Library. In FY 2022, the Building Fund took in roughly \$80,000 in donations and interest earnings. Some monies were paid out for soft costs associated with the project. This was added to the existing balance that was made up of significant bequests from prior years.

Equipment Replacement Fund

As reported on Exhibit D, the Equipment Replacement Fund had a year-end balance of \$194,940. These funds are for the replacement of Town equipment, particularly in the highway and police departments. There were several purchases made during the year and \$180,000 in funds were set aside for future purchases.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

The Town of Hardwick's net investment in capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$7,577,067 and \$3,577,092 respectively, (net of Accumulated Depreciation and Related Debt). This is an increase of \$354,520 over last year for governmental activities and a decrease of \$127,388 for business-type activities over last year. These assets include land, buildings/improvements, roads and bridges, vehicles, machinery and equipment and water/sewer distribution and collection systems.

Major governmental capital asset transactions during the year included the following:

- A new International Dump truck to replace Truck #1 (Highway Dept.)
- A new Dodge Ram 550 Fire Truck
- A new Ford Explorer Police cruiser
- A new Bobcat Toolcat (Highway Dept.)
- Paving of Cedar Street, Belfry Rd., and Brickhouse Rd. in East Hardwick
- Roof replacement of the Public Safety building
- Roof replacement of the historic Depot building

Major Business-Type capital asset transactions during the year included the following:

- Final design work for the Wastewater Treatment Facility upgrade project

Debt Administration

As of June 30, 2022, the governmental activities of the Town of Hardwick were carrying two notes and two bonds payable for the following:

- A fire truck purchase (2014) with an outstanding debt balance of \$213,331
- A fire truck purchase (2021) with an outstanding debt balance of \$275,000
- A loader purchase with an outstanding debt balance of \$22,579
- Mackville Road Improvements with an outstanding debt balance of \$210,000

The **Water Fund** has two outstanding bonds. One of them is to the State Special Environmental Revolving Loan Fund and was for the new reservoir and installation of meters and the outstanding balance is \$827,011. The other is also to the State Special Revolving Loan Fund and was to replace the Bridgman Reservoir roof. We received a 30% subsidy on the total, equating to approximately \$151,256 in principal forgiveness upon project completion. This bond will be financed over 30 years at a 1.00% interest rate. The principal balance at year end was \$309,335.

The **Sewer Fund** has two bonds outstanding. One of them is through the USDA and was used to fund sewer line improvements on Mill Street. The outstanding balance as of June 30, 2022, was \$39,100. The second bond is through the State Special Environmental Revolving Loan Fund for planning of the wastewater plant upgrade project. The total is \$109,325. We used \$88,904 and 50% subsidy was given, making the current balance \$44,452. This will eventually roll into the \$2,275,000 Bond for the entire project. Planning costs are subsidized at 50% and the construction will be subsidized at about 40% of the project total.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Economic Factors and Next Year's Budgets and Rates

Increased costs and inflation continued to provide challenges during the year both in terms of rising material costs associated with supply chain issues and labor costs. The Town has three large projects in the pipeline, which were affected by this. The Jeudevine Memorial Library had their second round of bids with the price coming in even higher than the original bid. This prevented the project from moving forward this year. The expansion team is working diligently on additional fundraising in hopes of moving the project ahead in 2023. We were able to rebid the Wastewater Treatment Facility project in Spring 2022. While we had to remove some of the alternates that we had hoped to complete, we were finally able to move the project forward. Rising material costs also challenged the Hardwick Yellow Barn Business Accelerator project, which went out to bid in the Spring of 2022 and came in several million dollars over the budget. The project scope and program changed, which lowered the overall construction of the business accelerator portion of the project, and it will be rebid in November 2022 and likely fall within budget.

We did see challenges when trying to purchase new equipment and vehicles. There were extended wait times on these products and some we were unable to even order. We had to wait several months to even place an order for a replacement truck for the Highway Department's F-550.

There were some State and Federal programs put into place to help users with their delinquent water, sewer, and tax accounts. This helped us to bring delinquent balances down before year end.

At the close of FY 2022, the Town was able to put \$50,023 into its General Fund balance (Town savings account). This budget savings was due largely to expense savings associated with Insurance, Payroll, Line items, and the Highway Department expenses being lower than anticipated with a milder winter. The fund balance is currently at \$1,240,041 or about 35% of the Town budget. It is generally accepted that the fund balance should be 15% of the municipal budget. The Town fund balance policy says the goal is 20%. The fund balance serves as a reserve to help the Town through significant budget shortfalls or through natural or human triggered disasters.

The FY 2023 budget that was approved by the voters is \$3,564,808 (excluding appropriations) which was an increase of 1.11% from FY 2022 (excluding appropriations). Our goal for each year is to have an increase of roughly 3% as experience has been that having a slight increase will help prevent the large unplanned areas for tax increases each year. Some of the increase was due to additional health insurance costs, specifically changes in plans such as single to family plans or additions for employees who were not previously on Town insurance. Line items increased due to needing to outsource lister services and have an Assessor do the work that the Listers used to do.

The Town has a healthy fund balance. For the FY23 budget, the Select Board proposed to the voters that we would use some of the existing fund balance to offset the tax rate, which was approved at the 2022 Town meeting. In addition, there is also a chance that the Town will decide to use more of the fund balance over the next couple of years to help with unexpected increases in expenses.

During the summer of 2022 (FY23), the Town had some paving projects completed by Gray's Paving. The work was made possible by the capital funds that the Town has set aside over the past years and continues to save for. Paving included Montgomery Road, Terrace Hill Road, Lower Cherry Street, Elm Street, Cottage Street, Upper Cherry Street, Dale Street, and West Church Street.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

Significant progress was made on the Hardwick Yellow Barn Business Accelerator (HYBBA) project during the fiscal year. The Town has been awarded over \$6.2M in grants for this project, which includes a \$250,000 grant used to purchase the property. A dedicated team of individuals at the Town level along with local development agencies continue to work on the project which will be rebid in November 2022 after downsizing the building footprint. They have worked diligently to secure funding sources to account for the rising construction costs. This project, once completed, will be greatly beneficial to the community with job creation, and will contribute to the local business community, bringing visitors into Hardwick.

Contacting the Town's Financial Management Staff

This financial report is designed to provide a general overview of the Town of Hardwick's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Manager's office to either David Upson or Casey Rowell.

TOWN OF HARDWICK, VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 3,579,348	\$ 0	\$ 3,579,348
Investments	1,395,929	0	1,395,929
Receivables (Net of Allowance for Uncollectibles)	130,472	203,039	333,511
Loans Receivable (Net of Allowance for Uncollectibles)	208,367	0	208,367
Internal Balances	(1,127,967)	1,127,967	0
Prepaid Expenses	281	0	281
Inventory	32,250	8,733	40,983
Capital Assets:			
Land	272,677	80,741	353,418
Construction in Progress	928,510	167,553	1,096,063
Other Capital Assets, (Net of Accumulated Depreciation)	7,096,790	4,548,696	11,645,486
Total Assets	12,516,657	6,136,729	18,653,386
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	287,375	11,292	298,667
Total Deferred Outflows of Resources	287,375	11,292	298,667
<u>LIABILITIES</u>			
Accounts Payable	59,458	7,936	67,394
Accrued Payroll and Benefits Payable	41,705	2,443	44,148
Unearned Revenue	447,703	8,600	456,303
Accrued Interest Payable	3,535	1,464	4,999
Noncurrent Liabilities:			
Due within One Year	71,166	42,593	113,759
Due in More than One Year	1,327,785	1,203,938	2,531,723
Total Liabilities	1,951,352	1,266,974	3,218,326
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	6,044	0	6,044
Deferred Inflows of Resources Related to the Town's Participation in VMERS	391,349	15,374	406,723
Total Deferred Inflows of Resources	397,393	15,374	412,767
<u>NET POSITION</u>			
Net Investment in Capital Assets	7,577,067	3,577,092	11,154,159
Restricted:			
Jeudevine Building	924,596	0	924,596
Community Development	588,536	0	588,536
Other	122,000	0	122,000
Unrestricted	1,243,088	1,288,581	2,531,669
Total Net Position	\$ 10,455,287	\$ 4,865,673	\$ 15,320,960

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 583,504	\$ 61,615	\$ 36,188	\$ 0	\$ (485,701)	\$ 0	\$ (485,701)
Public Safety	989,153	7,271	20,114	0	(961,768)	0	(961,768)
Highways and Streets	1,194,276	0	174,570	5,626	(1,014,080)	0	(1,014,080)
Culture and Recreation	207,247	2,841	13,576	77,784	(113,046)	0	(113,046)
Community Development	8,760	11,865	0	312,335	315,440	0	315,440
Cemetery	17,202	4,770	0	0	(12,432)	0	(12,432)
Interest on Long-term Debt	20,697	0	0	0	(20,697)	0	(20,697)
Total Governmental Activities	3,020,839	88,362	244,448	395,745	(2,292,284)	0	(2,292,284)
Business-type Activities:							
Water	302,168	310,912	0	0	0	8,744	8,744
Sewer	433,203	493,233	0	44,452	0	104,482	104,482
Total Business-type Activities	735,371	804,145	0	44,452	0	113,226	113,226
Total Primary Government	\$ 3,756,210	\$ 892,507	\$ 244,448	\$ 440,197	(2,292,284)	113,226	(2,179,058)
General Revenues:							
Property Taxes					2,452,362	0	2,452,362
Penalties and Interest on Delinquent Taxes					27,001	0	27,001
General State Grants					252,798	0	252,798
Unrestricted Investment Earnings					10,772	3,998	14,770
Insurance Proceeds					6,013	0	6,013
Gain on Sale of Equipment					0	1,500	1,500
Other Revenues					1,230	600	1,830
Total General Revenues					2,750,176	6,098	2,756,274
Change in Net Position					457,892	119,324	577,216
Net Position - July 1, 2021					9,997,395	4,746,349	14,743,744
Net Position - June 30, 2022					\$ 10,455,287	\$ 4,865,673	\$ 15,320,960

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

TOWN OF HARDWICK, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Jeudevine Building Fund	Equipment Replacement Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 3,400,194	\$ 0	\$ 0	\$ 0	\$ 179,154	\$ 3,579,348
Investments	529,497	801,597	0	0	64,835	1,395,929
Receivables	123,761	0	0	0	6,711	130,472
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	208,367	208,367
Due from Other Funds	0	135,823	194,940	427,614	1,024,215	1,782,592
Prepaid Items	228	0	0	0	53	281
Inventory	32,250	0	0	0	0	32,250
Total Assets	<u>\$ 4,085,930</u>	<u>\$ 937,420</u>	<u>\$ 194,940</u>	<u>\$ 427,614</u>	<u>\$ 1,483,335</u>	<u>\$ 7,129,239</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 28,622	\$ 5,505	\$ 0	\$ 0	\$ 25,331	\$ 59,458
Accrued Payroll and Benefits Payable	40,383	0	0	0	1,322	41,705
Due to Other Funds	2,708,106	0	0	0	202,453	2,910,559
Unearned Revenue	7,094	7,319	0	427,614	5,676	447,703
Total Liabilities	<u>2,784,205</u>	<u>12,824</u>	<u>0</u>	<u>427,614</u>	<u>234,782</u>	<u>3,459,425</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	6,044	0	0	0	0	6,044
Unavailable Property Taxes, Penalties and Interest	49,000	0	0	0	0	49,000
Unavailable Grants	6,640	0	0	0	0	6,640
Unavailable Loans Receivable	0	0	0	0	208,367	208,367
Total Deferred Inflows of Resources	<u>61,684</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>208,367</u>	<u>270,051</u>
<u>FUND BALANCES</u>						
Nonspendable	32,478	0	0	0	8,914	41,392
Restricted	25	924,596	0	0	493,283	1,417,904
Committed	0	0	194,940	0	597,886	792,826
Assigned	100,000	0	0	0	141,471	241,471
Unassigned/(Deficit)	1,107,538	0	0	0	(201,368)	906,170
Total Fund Balances	<u>1,240,041</u>	<u>924,596</u>	<u>194,940</u>	<u>0</u>	<u>1,040,186</u>	<u>3,399,763</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,085,930</u>	<u>\$ 937,420</u>	<u>\$ 194,940</u>	<u>\$ 427,614</u>	<u>\$ 1,483,335</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.						8,297,977
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						264,007
Long-term and Accrued Liabilities, Including Bonds Payable and the Net Pension Liability, are not Due or Payable in the Current Period and, Therefore, are not Reported in the Funds.						(1,402,486)
Deferred Outflows and Inflows of Resources related to the Town's Participation in VMERS are applicable to Future Periods and, Therefore, are not Reported in the Funds.						(103,974)
Net Position of Governmental Activities						<u>\$ 10,455,287</u>

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Jeudevine Building Fund	Equipment Replacement Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 2,474,362	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,474,362
Penalties and Interest on Delinquent Taxes	27,001	0	0	0	0	27,001
Intergovernmental	456,723	0	0	0	102,217	558,940
Charges for Services	287,614	0	0	0	4,770	292,384
Permits, Licenses and Fees	43,491	0	0	0	8,775	52,266
Fines and Forfeits	6,499	0	0	0	0	6,499
Loan Repayments	0	0	0	0	90,759	90,759
Loan Interest Income	0	0	0	0	11,129	11,129
Investment Income	3,285	2,916	504	0	4,067	10,772
Donations	2,835	77,784	0	0	8,479	89,098
Other	1,230	0	0	0	3,577	4,807
Total Revenues	<u>3,303,040</u>	<u>80,700</u>	<u>504</u>	<u>0</u>	<u>233,773</u>	<u>3,618,017</u>
Expenditures:						
General Government	707,802	0	0	0	21,780	729,582
Public Safety	899,911	0	0	0	8,869	908,780
Highways and Streets	874,598	0	71	0	31,180	905,849
Culture and Recreation	32,711	3,140	0	0	145,394	181,245
Community Development	4,398	0	0	0	4,362	8,760
Cemetery	17,047	0	0	0	155	17,202
Capital Outlay:						
General Government	1,383	0	0	0	22,400	23,783
Public Safety	0	0	317,563	0	8,942	326,505
Highways and Streets	4,273	0	185,813	0	156,820	346,906
Culture and Recreation	0	68,834	0	0	0	68,834
Community Development	0	0	0	0	62,479	62,479
Debt Service:						
Principal	0	0	37,590	0	15,000	52,590
Interest	0	0	13,832	0	7,316	21,148
Total Expenditures	<u>2,542,123</u>	<u>71,974</u>	<u>554,869</u>	<u>0</u>	<u>484,697</u>	<u>3,653,663</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>760,917</u>	<u>8,726</u>	<u>(554,365)</u>	<u>0</u>	<u>(250,924)</u>	<u>(35,646)</u>
Other Financing Sources/(Uses):						
Insurance Proceeds	6,013	0	0	0	0	6,013
Proceeds from Sale of Equipment	764	0	0	0	0	764
Transfers In	0	0	255,000	0	462,671	717,671
Transfers Out	<u>(717,671)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(717,671)</u>
Total Other Financing Sources/(Uses)	<u>(710,894)</u>	<u>0</u>	<u>255,000</u>	<u>0</u>	<u>462,671</u>	<u>6,777</u>
Net Change in Fund Balances	50,023	8,726	(299,365)	0	211,747	(28,869)
Fund Balances - July 1, 2021	<u>1,190,018</u>	<u>915,870</u>	<u>494,305</u>	<u>0</u>	<u>828,439</u>	<u>3,428,632</u>
Fund Balances - June 30, 2022	<u>\$ 1,240,041</u>	<u>\$ 924,596</u>	<u>\$ 194,940</u>	<u>\$ 0</u>	<u>\$ 1,040,186</u>	<u>\$ 3,399,763</u>

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

TOWN OF HARDWICK, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total government funds (Exhibit D)	\$ (28,869)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$828,507) is allocated over their estimated useful lives and reported as depreciation expense (\$500,516). This is the amount by which capital outlays exceeded depreciation in the current period.	327,991
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to decrease net position.	(917)
The effect of donated capital assets is to increase net position. The Northeast Kingdom Development Corporation (NEKDC) is currently renovating the Hardwick Yellow Barn on behalf of the Town.	249,856
The issuance of long-term debt (\$-0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$52,590) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	52,590
The issuance of loans receivable (\$-0-) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$90,759) provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of loans receivable.	(90,759)
Governmental funds report employer pension contributions as expenditures (\$80,249). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$120,949) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(40,700)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(26,903)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	15,603
Change in net position of governmental activities (Exhibit B)	\$ <u>457,892</u>

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 76,208	\$ 126,831	\$ 203,039
Due from Other Funds	695,510	432,457	1,127,967
Inventory	5,350	3,383	8,733
Total Current Assets	<u>777,068</u>	<u>562,671</u>	<u>1,339,739</u>
Noncurrent Assets:			
Land	42,246	38,495	80,741
Construction in Progress	0	167,553	167,553
Buildings and Building Improvements	73,292	13,457	86,749
Vehicles, Machinery and Equipment	74,134	147,170	221,304
Distribution and Collection Systems	4,170,673	5,922,740	10,093,413
Less: Accumulated Depreciation	<u>(1,025,039)</u>	<u>(4,827,731)</u>	<u>(5,852,770)</u>
Total Noncurrent Assets	<u>3,335,306</u>	<u>1,461,684</u>	<u>4,796,990</u>
Total Assets	<u>4,112,374</u>	<u>2,024,355</u>	<u>6,136,729</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>0</u>	<u>11,292</u>	<u>11,292</u>
Total Deferred Outflows of Resources	<u>0</u>	<u>11,292</u>	<u>11,292</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,724	5,212	7,936
Accrued Payroll and Benefits Payable	0	2,443	2,443
Unearned Revenue	8,600	0	8,600
Accrued Interest Payable	792	672	1,464
General Obligation Bonds Payable - Current Portion	<u>40,293</u>	<u>2,300</u>	<u>42,593</u>
Total Current Liabilities	<u>52,409</u>	<u>10,627</u>	<u>63,036</u>
Noncurrent Liabilities:			
Compensated Absences Payable	0	3,010	3,010
Net Pension Liability	0	23,623	23,623
General Obligation Bonds Payable - Noncurrent Portion	<u>1,096,053</u>	<u>81,252</u>	<u>1,177,305</u>
Total Noncurrent Liabilities	<u>1,096,053</u>	<u>107,885</u>	<u>1,203,938</u>
Total Liabilities	<u>1,148,462</u>	<u>118,512</u>	<u>1,266,974</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>0</u>	<u>15,374</u>	<u>15,374</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>15,374</u>	<u>15,374</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,198,960	1,378,132	3,577,092
Unrestricted	<u>764,952</u>	<u>523,629</u>	<u>1,288,581</u>
Total Net Position	<u>\$ 2,963,912</u>	<u>\$ 1,901,761</u>	<u>\$ 4,865,673</u>

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 305,916	\$ 484,813	\$ 790,729
Penalties and Interest	<u>4,996</u>	<u>8,420</u>	<u>13,416</u>
Total Operating Revenues	<u>310,912</u>	<u>493,233</u>	<u>804,145</u>
Operating Expenses:			
Administration Salaries	77,797	77,797	155,594
Salaries and Benefits	50,772	149,668	200,440
Administrative Charge	11,297	11,298	22,595
Administrative Supplies	2,328	2,423	4,751
Insurances	1,353	4,076	5,429
Legal/Audit	7,241	7,241	14,482
Communications	1,978	2,598	4,576
Utilities	29,875	45,365	75,240
Repairs and Maintenance	14,800	14,950	29,750
Permits and Testing	4,862	6,786	11,648
Chemicals	0	26,733	26,733
Sludge Disposal	0	7,000	7,000
Depreciation	89,830	73,426	163,256
Other Operating Expenses	<u>865</u>	<u>2,222</u>	<u>3,087</u>
Total Operating Expenses	<u>292,998</u>	<u>431,583</u>	<u>724,581</u>
Operating Income	<u>17,914</u>	<u>61,650</u>	<u>79,564</u>
Non-Operating Revenues/(Expenses):			
Other Income	300	300	600
Gain on Sale of Equipment	0	1,500	1,500
Investment Income	2,631	1,367	3,998
Interest Expense	<u>(9,170)</u>	<u>(1,620)</u>	<u>(10,790)</u>
Total Non-Operating Revenues/(Expenses)	<u>(6,239)</u>	<u>1,547</u>	<u>(4,692)</u>
Net Income Before Capital Contributions	11,675	63,197	74,872
Capital Contributions	<u>0</u>	<u>44,452</u>	<u>44,452</u>
Change in Net Position	11,675	107,649	119,324
Net Position - July 1, 2021	<u>2,952,237</u>	<u>1,794,112</u>	<u>4,746,349</u>
Net Position - June 30, 2022	<u>\$ 2,963,912</u>	<u>\$ 1,901,761</u>	<u>\$ 4,865,673</u>

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 333,028	\$ 504,508	\$ 837,536
Payments for Goods and Services	(63,839)	(130,906)	(194,745)
Payments for Interfund Services	(138,746)	(138,747)	(277,493)
Payments for Wages and Benefits	(1,120)	(97,979)	(99,099)
	<u>129,323</u>	<u>136,876</u>	<u>266,199</u>
Net Cash Provided by Operating Activities			
Cash Flows From Noncapital Financing Activities:			
Decrease/(Increase) in Due from Other Funds	(82,671)	(191,232)	(273,903)
	<u>(82,671)</u>	<u>(191,232)</u>	<u>(273,903)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities			
Cash Flows From Capital and Related Financing Activities:			
Other Receipts	300	300	600
Proceeds from Sale of Equipment	0	1,500	1,500
Issuance of Long-term Debt	0	88,904	88,904
Acquisition and Construction of Capital Assets	0	(33,755)	(33,755)
Principal Paid on Long-term Debt	(40,413)	(2,300)	(42,713)
Interest Paid on Long-term Debt	(9,170)	(1,660)	(10,830)
	<u>(49,283)</u>	<u>52,989</u>	<u>3,706</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities			
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	2,631	1,367	3,998
	<u>2,631</u>	<u>1,367</u>	<u>3,998</u>
Net Cash Provided by Investing Activities			
Net Increase in Cash	0	0	0
Cash - July 1, 2021	0	0	0
Cash - June 30, 2022	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 17,914	\$ 61,650	\$ 79,564
Depreciation	89,830	73,426	163,256
(Increase)/Decrease in Receivables	15,174	11,275	26,449
(Increase)/Decrease in Inventory	0	(112)	(112)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	5,600	5,600
Increase/(Decrease) in Accounts Payable	(537)	(11,400)	(11,937)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	0	297	297
Increase/(Decrease) in Unearned Revenue	6,942	0	6,942
Increase/(Decrease) in Net Pension Liability	0	(18,055)	(18,055)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	14,195	14,195
	<u>0</u>	<u>14,195</u>	<u>14,195</u>
Net Cash Provided by Operating Activities	<u>\$ 129,323</u>	<u>\$ 136,876</u>	<u>\$ 266,199</u>

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$44,452.

There was \$3,852 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2022.

The Sewer Fund sold capital assets with a cost and accumulated depreciation of \$8,500, respectively, for \$1,500.

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022

	Custodial Fund Education Tax Fund
<u>ASSETS</u>	
Assets:	\$ <u>0</u>
<u>LIABILITIES</u>	
Liabilities:	<u>0</u>
<u>NET POSITION</u>	
Net Position:	\$ <u><u>0</u></u>

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Custodial Fund</u> <u>Education Tax</u> <u>Fund</u>
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>2,741,045</u>
Total Additions	<u>2,741,045</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>2,741,045</u>
Total Deductions	<u>2,741,045</u>
Change in Net Position	0
Net Position - July 1, 2021	<u>0</u>
Net Position - June 30, 2022	\$ <u><u>0</u></u>

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

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The Town of Hardwick, Vermont, (herein the "Town") operates under a Manager/Selectboard form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, community/economic development, public improvements, planning and zoning, water, sewer, electric and general administrative services.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted as follows, the accounting policies adopted by the Town of Hardwick, Vermont (the "Town") conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. The Financial Reporting Entity

This report should include all of the activity of the Town of Hardwick, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there is one (1) fund, the Hardwick Electric Department Fund, which should be combined with the financial statements of the Town, but is not.

B. Basis of Presentation

The accounts of the Town are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled.

The basic financial statements of the Town include both government-wide statements and fund financial statements. The focus of the government-wide statements is on reporting the operating results and financial position of the Town as a whole and present a longer-term view of the Town's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the Town and present a shorter-term view of how operations were financed and what remains available for future spending.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government, the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of activities between funds. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each segment of the Town's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports on the following major governmental funds:

General Fund – This is the Town's main operating fund. It accounts for all financial resources of the Town except those accounted for in another fund.

Jeudevine Building Fund – This fund accounts for the capital improvement expenditures of the Jeudevine Building.

Equipment Replacement Fund – This fund accounts for the equipment replacement expenditures of the Town.

ARPA Fund – This fund accounts for the resources from the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program used to support the Town's response to and recovery from the COVID-19 public health emergency.

The Town reports on the following major enterprise funds:

Water Fund – This fund accounts for the operations of the Water Department.

Sewer Fund – This fund accounts for the operations of the Wastewater Department.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Additionally, the Town reports the following fund type:

Custodial Fund – This fund is used to report resources held by the Town in a purely custodial capacity for other governments, private organizations or individuals.

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Equity (i.e., total net position) is segregated into net investment in capital assets; restricted net position; and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally reported on their balance sheets. Their reported fund balances (net current position) are considered a measure of available spendable resources, and are segregated into nonspendable; restricted; committed; assigned and unassigned amounts. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

D. Basis of Accounting

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

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

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty (60) days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, acquisitions under financed purchases and sales of capital assets are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Recognition of revenues on funds received in connection with loan programs are recognized when loans are awarded and expenses incurred in excess of current grants and program income. An offsetting deferred inflows of resources is recognized for all loans receivable. Loan repayment revenue is recognized as the loans are repaid.

E. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. New Pronouncement – Leases

Effective June 30, 2022, the Town implemented GASB Statement No. 87, “Leases”. GASB Statement No. 87 increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. This Statement replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. The Town currently has no lease arrangements applicable to this Statement.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

1. Cash

Cash balances of most Town funds are deposited with and invested by the Town Treasurer. The Town considers all short-term investments of ninety (90) days or less to be cash equivalents.

Excess cash of individual funds are shown as due from other funds and excess withdrawals are shown as due to other funds. Interest income is allocated based on the due from/to other fund balances.

2. Investments

The Town invests in investments as allowed by State Statute. Investments with readily determinable fair values are reported at their fair values on the balance sheet. Unrealized gains and losses are included in revenue.

3. Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

4. Internal Balances

Activity between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances from/to other funds”. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

5. Inventories and Prepaid Expenses/Items

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventories in the General Fund consist of fuel and materials and inventories in the Proprietary Funds consist of chemicals and materials.

Certain payments to vendors reflect costs that are applicable to future accounting periods and are recorded as prepaid expenses/items.

Reported inventories and prepaid items of governmental funds in the fund financial statements are offset by a nonspendable fund balance as they are not in spendable form.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

6. Pensions

For purposes of measuring the proportionate share of the net pension liability and the related deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) plan and additions to/deductions from the VMERS' fiduciary net position have been determined on the same basis as they are reported by VMERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statements element, "deferred outflows of resources", represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the future period that the amounts become available or to which they relate.

8. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals or deflated current replacement cost if purchased or constructed. Contributed assets are recorded at their estimated acquisition value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Infrastructure assets are reported starting with fiscal year ended June 30, 2004. The Town has elected to not report major general infrastructure assets retroactively.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order that the cost of these assets will be charged to expenses over their estimated service lives, generally using the straight-line method of calculating depreciation.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Estimated Service Life
Land	\$ 1,000	Not Depreciated
Buildings and Building Improvements	\$ 5,000	40 Years
Vehicles	\$ 5,000	4-15 Years
Machinery and Equipment	\$ 1,000	8-20 Years
Roads, Bridges and Sidewalks	\$ 5,000	30-50 Years
Water and Sewer Distribution and Collection Systems	\$ 5,000	60 - 100 Years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are acquired.

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and comp time benefits. For certain union employees, the Town also pays accumulated sick time up to 240 hours at retirement if the employee has at least ten (10) years of service. The Town evaluates all employees who have reached seven (7) years of service and, depending on the accrued leave time at that point, determines if they will likely meet the eligibility threshold. The accrual for unused compensated absences, based on current pay rates, is recorded in the government-wide and proprietary fund financial statements. The liability for unused compensated absences is not reported in the governmental fund financial statements. Payments for unused compensated absences are recorded as expenditures in the year they are paid.

10. Long-term Liabilities

Long-term liabilities include bonds and notes payable, financed purchases and other obligations such as compensated absences and the Town's net pension liability. Long-term liabilities are reported in the government-wide and proprietary fund financial statements. Governmental fund financial statements do not include any long-term liabilities as those statements use the current financial resources measurement focus and only include current liabilities on their balance sheets.

11. Fund Equity

Fund equity is classified based upon any restrictions that have been placed on those balances or any tentative plans management may have made for those balances. Restrictions of net position in the government-wide and proprietary fund financial statements represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Fund balances of governmental funds are classified as nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors, or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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

Governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, whereas government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements as follows:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report expenditures (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

Capital-related differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation as an expense. Further, governmental funds report the proceeds from the sale of capital assets as other financing sources, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

Long-term debt transaction differences arise because governmental funds report the issuance of long-term debt as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities, respectively.

Loans receivable differences arise because governmental funds report the issuance of loans receivable as expenditures and repayments of loans receivable as revenues, whereas government-wide statements report those transactions as increases and decreases in assets, respectively.

Pension-related differences arise because governmental funds report the current year’s required employer contributions as current period expenditures, whereas government-wide statements report those transactions as deferred outflows of resources. In addition, the accrual for the Town’s proportionate share of the net pension liability is recorded in the government-wide financial statements along with the related deferred inflows and outflows of resources.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund budget is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town's cash and investments as of June 30, 2022 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$3,578,948
Cash on Hand	<u>400</u>
Total Cash	3,579,348
Investments:	
Certificates of Deposit	<u>1,395,929</u>
Total Cash and Investments	<u>\$4,975,277</u>

The Town has seven (7) certificates of deposit ranging from \$1,160 to \$801,597 with interest rates ranging from 0.15% to 0.70%. All certificates of deposit will mature by fiscal year 2024.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Town does not have any policy to limit the exposure to custodial credit risk. The following table shows the custodial credit risk of the Town's cash and certificates of deposit.

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 509,294	\$ 509,294
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Boston	<u>4,465,583</u>	<u>4,580,841</u>
Total	<u>\$4,974,877</u>	<u>\$5,090,135</u>

The difference between the book and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$3,578,948
Investments – Certificates of Deposit	<u>1,395,929</u>
Total	<u>\$4,974,877</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have any policy to limit the exposure to interest rate risk. The Town's certificates of deposits are not subject to interest rate risk disclosure.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have any policy to limit the exposure to credit risk. The Town's certificates of deposit are not subject to credit risk disclosure.

Concentration of Credit Risk

Concentration of credit risk is the risk that a large percentage of the Town's investments are held within one security. The Town does not have any limitations on the amount that can be invested in any one issuer. The Town does not have any investments subject to concentration of credit risk disclosure.

B. Receivables

Receivables as of June 30, 2022, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 72,422	\$ 0	\$ 72,422
Penalties and Interest Receivable	7,277	0	7,277
Tax Sale Receivable	7,702	0	7,702
Grants Receivable	24,848	0	24,848
Accounts Receivable	18,223	0	18,223
Billed Services	0	22,389	22,389
Unbilled Services	0	190,650	190,650
Allowance for Doubtful Accounts - Water/Sewer	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>
Total	<u>\$ 130,472</u>	<u>\$ 203,039</u>	<u>\$ 333,511</u>

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

C. Loans Receivable

Loans receivable as of June 30, 2022 are as follows:

Loan Receivable, Lamoille Housing Partnership, Payable on Demand on and After August 29, 2048, 0% Interest, Secured by Second Mortgage	\$ 70,247
Loan Receivable, Bemis Block Housing Limited Partnership, Payable on Demand on and After June 5, 2037, 0% Interest, Secured by Second Mortgage	215,000
Loan Receivable, Maple Street Housing Limited Partnership, Payable on Demand on and After April 10, 2044, 0% Interest, Secured by Second Mortgage	340,000
Loan Receivable, Jeudevine Housing Limited Partnership, Payable on Demand on and After January 1, 2048, 0% Interest, Secured by Second Mortgage	787,573
Loans Receivable, 7 Small Business Loans, Monthly Principal and Interest Payments Required, Interest Ranging from 2.25% to 4.50%, Various Due Dates, Secured by Business Assets and Personal Guarantees	<u>208,367</u>
Total	1,621,187
Less: Allowance for Doubtful Loans Receivable	<u>(1,412,820)</u>
Reported Value as of June 30, 2022	\$ <u>208,367</u>

An analysis of the change in loans receivable is as follows:

<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Payments/</u> <u>Reductions</u>	<u>Balance</u> <u>June 30, 2022</u>
\$ <u>1,711,946</u>	\$ <u>0</u>	\$ <u>90,759</u>	\$ <u>1,621,187</u>

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 272,677	\$ 0	\$ 0	\$ 272,677
Construction in Progress	771,089	401,363	243,942	928,510
Total Capital Assets, Not Being Depreciated	<u>1,043,766</u>	<u>401,363</u>	<u>243,942</u>	<u>1,201,187</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,803,975	46,342	0	1,850,317
Vehicles	2,377,646	520,982	210,615	2,688,013
Machinery and Equipment	450,697	63,777	1,375	513,099
Roads, Bridges and Sidewalks	<u>6,061,162</u>	<u>369,841</u>	<u>0</u>	<u>6,431,003</u>
Totals	<u>10,693,480</u>	<u>1,000,942</u>	<u>211,990</u>	<u>11,482,432</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	604,431	39,033	0	643,464
Vehicles	1,061,281	172,118	130,615	1,102,784
Machinery and Equipment	296,245	34,240	458	330,027
Roads, Bridges and Sidewalks	<u>2,054,242</u>	<u>255,125</u>	<u>0</u>	<u>2,309,367</u>
Totals	<u>4,016,199</u>	<u>500,516</u>	<u>131,073</u>	<u>4,385,642</u>
Total Capital Assets, Being Depreciated	<u>6,677,281</u>	<u>500,426</u>	<u>80,917</u>	<u>7,096,790</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,721,047</u>	<u>\$ 901,789</u>	<u>\$ 324,859</u>	<u>\$ 8,297,977</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 80,741	\$ 0	\$ 0	\$ 80,741
Construction in Progress	<u>129,946</u>	<u>37,607</u>	<u>0</u>	<u>167,553</u>
Total Capital Assets, Not Being Depreciated	<u>210,687</u>	<u>37,607</u>	<u>0</u>	<u>248,294</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	86,749	0	0	86,749
Vehicles, Machinery and Equipment	229,804	0	8,500	221,304
Distribution and Collection Systems	<u>10,093,413</u>	<u>0</u>	<u>0</u>	<u>10,093,413</u>
Totals	<u>10,409,966</u>	<u>0</u>	<u>8,500</u>	<u>10,401,466</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	47,486	3,258	0	50,744
Vehicles, Machinery and Equipment	93,543	13,992	8,500	99,035
Distribution and Collection Systems	<u>5,556,985</u>	<u>146,006</u>	<u>0</u>	<u>5,702,991</u>
Totals	<u>5,698,014</u>	<u>163,256</u>	<u>8,500</u>	<u>5,852,770</u>
Total Capital Assets, Being Depreciated	<u>4,711,952</u>	<u>(163,256)</u>	<u>0</u>	<u>4,548,696</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,922,639</u>	<u>\$ (125,649)</u>	<u>\$ 0</u>	<u>\$ 4,796,990</u>

TOWN OF HARDWICK, VERMONT
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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 22,402	Water	\$ 89,830
Public Safety	78,989	Sewer	<u>73,426</u>
Highways and Streets	374,951		
Culture and Recreation	<u>24,174</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 500,516</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 163,256</u>

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2022 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 2,708,106
Jeudevine Building Fund	135,823	0
Equipment Replacement Fund	194,940	0
ARPA Fund	427,614	0
Non-Major Governmental Funds	1,024,215	202,453
Water Fund	695,510	0
Sewer Fund	<u>432,457</u>	<u>0</u>
Total	<u>\$ 2,910,559</u>	<u>\$ 2,910,559</u>

Interfund transfers during the year ended June 30, 2022 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Equipment Replacement Fund	\$ 255,000	Appropriation
General Fund	Jeudevine Memorial Library Fund	125,171	Appropriation
General Fund	Conservation Commission Fund	500	Appropriation
General Fund	Capital Fund	132,000	Appropriation
General Fund	Capital Roads Fund	<u>205,000</u>	Appropriation
Total		<u>\$ 717,671</u>	

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$112,077 from the difference between the expected and actual experience and \$95,049 from changes in assumptions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$80,249 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$287,375.

TOWN OF HARDWICK, VERMONT
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Deferred outflows of resources in the business-type activities and Sewer Fund consists of \$4,403 from the difference between the expected and actual experience and \$3,734 from changes in assumptions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$3,155 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities and Sewer Fund is \$11,292.

G. Unearned Revenue

Unearned revenue in the General Fund consists of \$7,094 of grant revenue received in advance.

Unearned revenue in the Jeudevine Building Fund consists of \$7,319 of grant revenue received in advance.

Unearned revenue in the ARPA Fund consists of \$427,614 of grant revenue received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$5,676 of grant revenue received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$6,044 of prepaid property taxes. It also includes \$354,561 from the difference between the projected and actual investment earnings and \$36,788 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the governmental activities is \$397,393.

Deferred inflows of resources in the business-type activities and Sewer Fund consists of \$13,929 from the difference between the projected and actual investment earnings and \$1,445 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). Total deferred inflows of resources in the business-type activities and Sewer Fund is \$15,374.

Deferred inflows of resources in the General Fund consists of \$49,000 of delinquent property taxes, penalties and interest on those taxes and \$6,640 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$6,044 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$61,684.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$208,367 of loans receivable as these would not be available to liquidate current liabilities.

I. Long-term Liabilities

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

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General obligation bonds are direct obligations and pledge the full faith and credit of the Town. New bonds generally are issued as 10 to 20 year bonds.

The Town has a note payable to finance a capital purchase through a local bank.

The State of Vermont offers a number of low and no-interest revolving loan programs to utilize for predetermined purposes. The Town has borrowed money from the Vermont Special Environmental Revolving Fund for water and sewer projects.

The United States Department of Agriculture (USDA) offers a number of low interest loan programs for various purposes. The Town has borrowed money from the USDA, in the form of a bond, for sewer projects.

It is the policy of the Town to permit employees to accumulate earned but unused benefits. The accrual for unused compensated absences time, based on the current pay rates, is recorded in the government-wide financial statements and proprietary fund financial statements.

The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the Town's share of the net pension liability is recorded in the government-wide financial statements and proprietary fund financial statements.

Long-term liabilities outstanding as of June 30, 2022 were as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of \$26,667 Payable on November 15 Annually, Interest Ranging from 0.513% to 3.653% Payable on May 15 and November 15, Due November, 2029	\$239,998	\$ 0	\$26,667	\$213,331
Bond Payable, Vermont Municipal Bond Bank, Mackville Road Improvements, Principal Payments of \$15,000 Payable on November 1 Annually, Interest Ranging from 0.83% to 4.16% Payable on May 1 and November 1, Due November, 2035	225,000	0	15,000	210,000

TOWN OF HARDWICK, VERMONT
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of \$18,333 Payable on November 1 Annually, Beginning November 1, 2022, Interest Ranging from 0.450% to 2.609% Payable on May 1 and November 1, Due November, 2036	\$275,000	\$ 0	\$ 0	\$275,000
Note Payable, Union Bank, Loader, Principal and Interest Payments of \$11,708 Payable on May 15 Annually, Interest at 2.4%, Due May, 2024	<u>33,502</u>	<u>0</u>	<u>10,923</u>	<u>22,579</u>
Total Governmental Activities	<u>\$773,500</u>	<u>\$ 0</u>	<u>\$52,590</u>	<u>\$720,910</u>
Business-type Activities:				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Reservoir and Water Meter Projects, Principal Payments of \$33,080 Payable on June 1 Annually, 0% Interest, Due June, 2047	\$ 860,091	\$ 0	\$33,080	\$ 827,011
Bond Payable, State of Vermont Special Environmental Revolving Fund, Bridgman Hill Reservoir, Principal, Interest and Administrative Fee Payments of \$16,503 Payable on June 1 Annually, 1% Interest, 2% Administrative Fee, Due June, 2050	316,668	0	7,333	309,335
Bond Payable, State of Vermont Special Environmental Revolving Fund, Floating Cover and Lagoon Liner Replacement Planning Project, Authorized to \$109,325, but Eligible for \$54,662 Subsidy, Principal Payments of \$10,933 Payable on January 1 Annually Beginning January 1, 2026, 0% Interest, Due January, 2030. The Town Recognized \$44,452 of the Subsidy during the Year.	0	88,904	44,452	44,452

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, U.S. Department of Agriculture, Mill Street Project, Principal Payments of \$2,300 Payable August 1 Annually, Interest at 4.125% Payable February 1 and August 1, Due August, 2038	\$ <u>41,400</u>	\$ <u>0</u>	\$ <u>2,300</u>	\$ <u>39,100</u>
Total Business-type Activities	\$ <u>1,218,159</u>	\$ <u>88,904</u>	\$ <u>87,165</u>	\$ <u>1,219,898</u>

Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 739,998	\$ 0	\$ 41,667	\$ 698,331	\$ 60,000
Notes Payable	33,502	0	10,923	22,579	11,166
Compensated Absences Payable	91,862	0	15,152	76,710	0
Net Pension Liability	<u>1,066,770</u>	<u>0</u>	<u>465,439</u>	<u>601,331</u>	<u>0</u>
Total Governmental Activities					
Long-term Liabilities	\$ <u>1,932,132</u>	\$ <u>0</u>	\$ <u>533,181</u>	\$ <u>1,398,951</u>	\$ <u>71,166</u>
Business-type Activities					
General Obligation Bonds Payable	\$ 1,218,159	\$ 88,904	\$ 87,165	\$ 1,219,898	\$ 42,593
Compensated Absences Payable	3,010	0	0	3,010	0
Net Pension Liability	<u>41,678</u>	<u>0</u>	<u>18,055</u>	<u>23,623</u>	<u>0</u>
Total Business-type Activities					
Long-term Liabilities	\$ <u>1,262,847</u>	\$ <u>88,904</u>	\$ <u>105,220</u>	\$ <u>1,246,531</u>	\$ <u>42,593</u>

Compensated absences and required contributions to the pension plans are paid by the applicable fund where the employee is charged.

The change in the net pension liability is allocated to the function where the employee is charged.

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Debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 71,166	\$ 18,690	\$ 42,593	\$ 10,903
2024	71,413	17,153	42,810	10,591
2025	60,000	15,492	43,032	10,274
2026	60,000	14,051	54,195	9,949
2027	60,000	12,535	54,431	9,618
2028-2032	246,661	39,225	243,880	42,866
2033-2037	151,670	10,666	228,367	33,421
2038-2042	0	0	229,668	23,137
2043-2047	0	0	234,572	13,348
2048-2050	0	0	46,350	3,159
Total	\$ <u>720,910</u>	\$ <u>127,812</u>	\$ <u>1,219,898</u>	\$ <u>167,266</u>

J. Fund Balances

GASB Statement No. 34, as amended by GASB Statement No. 54, requires fund balances reported on the governmental fund balance sheet to be classified using a hierarchy based primarily on the extent to which a government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balances are to be classified as: nonspendable (not in spendable form or legally required to remain intact); restricted (constraints on the use of resources are either externally imposed by creditors, grantors or donors, or imposed by law through enabling legislation); committed (constraints on the use of resources are imposed by formal action of the voters); assigned (reflecting the Selectboard's intended use of the resources); and unassigned.

Special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in that fund. Special revenue funds cannot be used to accumulate funds that are not restricted or committed. These amounts will have to be reflected in the General Fund.

Amounts constrained to stabilization (rainy-day funds) will be reported as restricted or committed fund balance in the General Fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. The Town does not have any stabilization arrangements.

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Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements. The Town does have a minimum fund balance policy which is to maintain a minimum balance of no less than the equivalent of 10% of annual budgeted expenditures in its unassigned fund balance, with a goal of 20%. The unassigned fund balance is \$906,170 which is 25% of the 2022 budgeted expenditures.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to first consider restricted amounts to have been spent, followed by committed, assigned, and finally unassigned amounts.

The purpose for each major special revenue fund, including which specific revenues and other resources are authorized to be reported in each, are described in the following section.

The fund balances in the following funds are nonspendable as follows:

Major Funds

General Fund:

Nonspendable Prepaid Items	\$ 228
Nonspendable Inventory	<u>32,250</u>
Total General Fund	<u>32,478</u>

Non-Major Funds

Special Revenue Funds:

Nonspendable Prepaid Items in the Jeudevine Memorial Library Fund	53
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Permanent Funds:

Nonspendable Cemetery Fund Principal	<u>8,861</u>
Total Non-Major Funds	<u>8,914</u>
Total Nonspendable Fund Balances	<u>\$41,392</u>

The fund balances in the following funds are restricted as follows:

Major Funds

General Fund:

Restricted for Pedestrian Bridge Expenses by Donations (Source of Revenue is Donations)	\$ <u>25</u>
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Jeudevine Building Fund:

Restricted for Jeudevine Building Expenditures by Donations (Source of Revenue is Donations)	<u>924,596</u>
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TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Non-Major Funds

Special Revenue Funds:

Restricted for Restoration of Records by State Statute (Source of Revenue is Recording Fees)	\$ 34,632
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	380,169
Restricted for Restorative Justice Expenses by Grant Agreements (Source of Revenue is Grant Revenue)	9,573
Restricted for Fire Department Special Fund Expenses by Donations (Source of Revenue is Donations)	<u>2,835</u>
Total Special Revenue Funds	<u>427,209</u>

Capital Projects Funds:

Restricted for Town House Painting by Donations (Source of Revenue is Donations)	1,750
Restricted for Trails Expenditures by Donations (Source of Revenue is Donations)	8,273
Restricted for Recreation Expenditures by Donations (Source of Revenue is Donations)	<u>140</u>
Total Capital Projects Funds	<u>10,163</u>

Permanent Fund:

Restricted for Cemetery Fund by Trust Agreement – Expendable Portion (Source of Revenue is Donations and Sale of Lots)	<u>55,911</u>
Total Non-Major Funds	<u>493,283</u>

Total Restricted Fund Balances \$1,417,904

The fund balances in the following funds are committed as follows:

Major Funds

Equipment Replacement Fund:

Committed for Equipment Replacement Expenditures by the Voters	<u>\$194,940</u>
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Non-Major Funds

Special Revenue Funds:

Committed for Jeudevine Memorial Library Expenses by the Voters	11,768
Committed for Conservation Commission Expenses by the Voters	<u>1,262</u>
Total Special Revenue Funds	<u>13,030</u>

TOWN OF HARDWICK, VERMONT
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Capital Projects Funds:	
Committed for Capital Expenditures by the Voters	\$480,131
Committed for Capital Roads Expenditures by the Voters	<u>96,525</u>
Total Capital Projects Funds	<u>576,656</u>
Permanent Fund:	
Committed for Cemetery Expenditures by the Voters	<u>8,200</u>
Total Non-Major Funds	<u>597,886</u>
Total Committed Fund Balances	<u>\$792,826</u>

The fund balances in the following funds are assigned as follows:

Major Fund

General Fund:	
Assigned for Pedestrian Bridge Project Expenditures	<u>\$100,000</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	136,471
Capital Projects Funds:	
Assigned for Recreation Capital Expenditures	<u>5,000</u>
Total Non-Major Funds	<u>141,471</u>
Total Assigned Fund Balances	<u>\$241,471</u>

The unassigned deficit of \$201,368 in the Yellow Barn Fund will be potentially funded by New Market Tax Credits received over the next few years from outside investors.

TOWN OF HARDWICK, VERMONT
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K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2022 consisted of the following:

Governmental Activities:

Restricted for Pedestrian Bridge Expenses by Donations	\$ 25
Restricted for Jeudevine Building Expenditures by Donations	924,596
Restricted for Restoration of Records by State Statute	34,632
Restricted for Community Development by Grant Agreements	588,536
Restricted for Restorative Justice Expenses by Grant Agreements	9,573
Restricted for Fire Department Special Fund Expenses by Donations	2,835
Restricted for Town House Painting by Donations	1,750
Restricted for Trails Expenditures by Donations	8,273
Restricted for Recreation Expenditures by Donations	140
Restricted for Cemetery Fund by Trust Agreement – Non-Expendable Portion	8,861
Restricted for Cemetery Fund by Trust Agreement – Expendable Portion	<u>55,911</u>
Total Governmental Activities	<u>\$1,635,132</u>

The designated net position of the Town as of June 30, 2022 consisted of the following:

Business-type Activities:

Water Fund:	
Designated for Well Replacement	\$ 143,757
Designated for Water Capital	<u>455,095</u>
Total Water Fund	<u>598,852</u>
Sewer Fund:	
Designated for Sewer Capital	<u>458,964</u>
Total Business-type Activities	<u>\$1,057,816</u>

TOWN OF HARDWICK, VERMONT
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V. OTHER INFORMATION

A. Pension Plan

Defined Benefit Plan

The Vermont Municipal Employees' Retirement System (VMERS)

Plan Description

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2021, the measurement date selected by the State of Vermont, the retirement system consisted of 353 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2021, the measurement date selected by the State of Vermont, VMERS was funded at 86.29% and had a plan fiduciary net position of \$926,034,330 and a total pension liability of \$1,073,218,528 resulting in a net position liability of \$147,184,198. As of June 30, 2022, the Town's proportionate share of this was 0.4246% resulting in a net pension liability of \$624,954. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. The Town's proportion of 0.4246% was a decrease of 0.0136 from its proportion measured as of the prior year.

For the year ended June 30, 2022, the Town recognized pension expense of \$125,844.

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As of June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 116,480	\$ 0
Difference between projected and actual investment earnings on pension assets	0	368,490
Changes in assumptions	98,783	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	38,233
Town's required employer contributions made subsequent to the measurement date	<u>83,404</u>	<u>0</u>
	<u>\$ 298,667</u>	<u>\$ 406,723</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$83,404 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending <u>June 30</u>	
2023	\$ (13,399)
2024	(25,822)
2025	(48,013)
2026	<u>(104,226)</u>
Total	\$(<u>191,460</u>)

Summary of System Provisions

Membership – Full time employees of participating municipalities. Municipalities can elect coverage under Groups A, B, C or D provisions. The Town elected coverage under Groups B and D.

Creditable Service – Service as a member plus purchased service.

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Average Final Compensation (AFC) – Group A – Average annual compensation during highest five (5) consecutive years. Groups B and C – Average annual compensation during highest three (3) consecutive years. Group D – Average annual compensation during highest two (2) consecutive years.

Service Retirement Allowance:

Eligibility – Group A – The earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – The earlier of age 62 with five (5) years of service or age 55 with thirty (30) years of service. Groups C and D – Age 55 with five (5) years of service.

Amount – Group A – 1.4% of AFC times service. Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC. Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC. Group D – 2.5% of AFC times service as a Group D member plus percentage earned as a Group A, B or C member times AFC.

Maximum benefit is 60% of AFC for Groups A and B and 50% of AFC for Groups C and D. The previous amounts include the portion of the allowance provided by member contributions.

Early Retirement Allowance:

Eligibility – Age 55 with five (5) years of service for Groups A and B. Age 50 with twenty (20) years of service for Group D.

Amount – Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Groups A and B members, and payable without reduction to Group D members.

Vested Retirement Allowance:

Eligibility – Five (5) years of service.

Amount – Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on “Post-Retirement Adjustments”.

Disability Retirement Allowance:

Eligibility – Five (5) years of service and disability as determined by Retirement Board.

Amount – Immediate allowance based on AFC and service to date of disability; children’s benefit of 10% of AFC payable to up to three minor children (or children up to age 23 if enrolled in full-time studies) of a disabled Group D member.

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Death Benefit:

Eligibility – Death after five (5) years of service.

Amount – For Groups A, B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

Optional Benefit and Death after Retirement – For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. For Group D, lifetime allowance or 70% contingent annuitant option with no reduction.

Refund of Contribution – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

Post-Retirement Adjustments – Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 2% for Group A and 3% for Groups B, C and D.

Member Contributions – Group A – 3.25%. Group B – 5.625%. Group C – 10.75%. Group D – 12.10%.

Employer Contributions – Group A – 4.75%. Group B – 6.25%. Group C – 8.00%. Group D – 10.60%.

Retirement Stipend – \$25 per month payable at the option of the Board of Trustees.

Significant Actuarial Assumptions and Methods

Investment Rate of Return: 7.00%, net of pension plan investment expenses, including inflation.

Salary increases: Varying service-based rates from 0-10 years of service, then a single rate of 4.50% (includes assumed inflation rate of 2.30%) for all subsequent years.

Mortality:

Pre-Retirement: Groups A, B and C – 40% PubG-2010 General Employee Amount-Weighted below-median and 60% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Employee Amount-Weighted above-median, with generational projection using scale MP-2019.

Healthy Post-retirement – Retirees: Groups A, B and C – 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted below-median and 60% of PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019. Group D – PubG-2010 General Healthy Retiree Amount-Weighted, with generational projection using scale MP-2019.

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Healthy Post-retirement – Beneficiaries: Groups A, B and C – 70% Pub-2010 Contingent Survivor Amount-Weighted below-median and 30% of Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019. Group D – Pub-2010 Contingent Survivor Amount-Weighted, with generational projection using scale MP-2019.

Disabled Post-retirement: All Groups – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with generational projection using scale MP-2019.

Spouse's Age: Females three years younger than males.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2021 COLA is 0.40% for all groups. The January 1, 2022 COLA is 2.00% for Group A members and 2.30% for Groups B, C and D members.

Actuarial Cost Method: Entry age actuarial cost method. Entry age is the age at date of employment or, if date is unknown, current age minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are allocated by salary, with normal cost determined using the plan of benefits applicable to each participant.

Assets: The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determine the contribution requirements.

Inflation: 2.30%

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

TOWN OF HARDWICK, VERMONT
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Passive Global Equities	24%	5.05%
Active Global Equities	5%	5.05%
Large Cap US Equities	4%	4.00%
Small/Mid Cap US Equities	3%	4.50%
Non-US Developed Market Equities	7%	5.50%
Private Equity	10%	6.75%
Emerging Market Debt	4%	3.00%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	5.75%
Core Fixed Income	19%	0.00%
Core Real Estate	4%	3.75%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	3%	4.25%

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members). The Board voted to authorize employer contribution rate increases of 0.50% each year for a period of four years beginning July 1, 2022, to be offset by any increases in the employee contribution rates as negotiated with employee groups and approved by Legislature. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.00%) or one percent higher (8.00%):

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$1,235,257	\$624,954	\$123,106

Additional Information

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

TOWN OF HARDWICK, VERMONT
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Deferred Compensation Plan

The Town also offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Town is the administrator of the plan. The plan permits employees to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Town has no liability for losses under this plan, but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee.

B. 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 natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years. The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days notice. Fund underwriting and ratesetting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

The Town is also a member of the Vermont League of Cities and Towns Employment Resource and Benefits Trust. The Trust is a nonprofit corporation formed to provide unemployment coverage and other employment benefits for Vermont municipalities and is owned by the participating members. The agreement does not permit the Trust to make additional assessments to its members. The Town has only elected unemployment coverage with the Trust.

C. Property Taxes

The Town is responsible for assessing and collecting its own property taxes, as well as education taxes for the State of Vermont. Property taxes are assessed based on property valuations as of April 1, the voter approved budgets and the State education property tax liability. Property taxes are due and payable on May 10 and become delinquent on May 11. The Town assesses an 8% penalty on delinquent taxes and interest is assessed at 1% per month for the first three (3) months and 1.5% for every month thereafter. Unpaid taxes become an enforceable lien on the property, and such properties are subject to tax sale. The tax rates for 2022 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.6694	.6694
Highway	.6294	.6294
Local Agreement	.0104	.0104
Education	<u>1.7782</u>	<u>1.7122</u>
Total	<u>3.0874</u>	<u>3.0214</u>

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D. Endowment Funds

On February 26, 2015, the Jeudevine Memorial Library contributed \$64,222 to the Vermont Community Foundation to create three endowments: the Jeudevine Memorial Library Endowment Fund, the Jeudevine Memorial Library Muriel Hensen Fund and the Jeudevine Memorial Library Building Fund. In doing so, the ownership of the funds passed to the Vermont Community Foundation with the stipulation that the Foundation pay to the Library an amount, determined on an annual basis, to be not less than 5% of the value of the funds 36-month rolling average balance. Payments are to be made at least annually. The endowment is not reflected on the balance sheet of the Town. \$40,472 of these funds came from the Library Endowment Fund and the remaining \$23,750 came from a donation received in fiscal year 2015. The Town received distributions in the amounts of \$-0-, \$-0-, \$-0-, \$-0-, \$-0-, \$2,243 and \$25,024 during fiscal years 2022, 2021, 2020, 2019, 2018, 2017 and 2016, respectively. The Jeudevine Memorial Library Building Fund was closed during fiscal year 2017. The balance of the Endowment Fund at June 30, 2022 is \$33,362.

E. Contingent Liabilities

The Town is a participating member in the Central Vermont Solid Waste District. The Town could be subject to a portion of the District's debt if the District experiences financial problems.

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

F. Commitment

The Town of Hardwick, alongside multiple other non-profit and for-profit entities, are proceeding with the "Hardwick Yellow Barn Business Accelerator" (HYBBA) project. After several years of detailed planning, the Town of Hardwick purchased the historic Yellow Barn in October 2019 and with the assistance of others, will be seeking out loans and grants to construct a new industrial warehouse building and create an adaptive reuse of the historic Yellow Barn. There are two anchor tenants, Jasper Hill, and Cabot, that are prepared to occupy the space with additional space to be available. The project has an approximate cost of \$8,200,000 and will be financed from several sources, including grants, loans, and improvements made by some of the tenants. The Town of Hardwick has secured a \$3M Economic Development Authority (EDA) grant, a \$950,000 Vermont Community Development Corporation (VCDP) grant, \$250,000 Northern Border Regional Commission (NBRC) grant to purchase the building, a \$925,000 grant from the Small Business Administration, another \$1M NBRC grant, as well as other smaller grants totaling roughly \$212,000 for planning and permitting. The Town has also committed \$200,000 from its Revolving Loan Fund toward the project and a \$25,000 initial deposit in 2018. All loans to the project will be issued to a separate Not-for-Profit entity and the Town of Hardwick will have no further financial exposure to the project other than the \$225,000 already spent. The Town intends to lease the property to the Non-Profit holding company for \$1 per year.

TOWN OF HARDWICK, VERMONT
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G. Related Party Transactions

A member of the Selectboard is also the President of a local non-profit entity. The Town leases a Town owned building to the non-profit entity for \$1 per month plus certain utilities.

A member of the Selectboard is also on the Board of a local non-profit entity. The Town leases a Town owned building to the non-profit entity for \$1 per month plus certain utilities.

Currently, one member of the Selectboard has an outstanding loan with the Town's Community Development loan program. The outstanding balance as of June 30, 2022 was \$28,850.

Currently, one member of the Selectboard is a guarantor on a loan with the Town's Community Development loan program. The outstanding balance as of June 30, 2022 was \$32,362.

H. Subsequent Events

Subsequent to year-end, the Town will receive the second half of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program funds in the amount of \$427,614.

TOWN OF HARDWICK, VERMONT
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,508,482	\$ 2,474,362	\$ (34,120)
School Tax Administration Fee	6,000	6,602	602
PILOT	74,402	79,605	5,203
Current Use	163,063	173,193	10,130
Delinquent Late Charges	25,000	27,001	2,001
Trailer Lease Revenue	25	2,722	2,697
Tax Sale Interest	200	271	71
Zoning Permits	2,500	3,580	1,080
Licenses and Fees	2,500	2,959	459
Recording Fees	26,000	24,980	(1,020)
Dog Licenses	2,500	1,505	(995)
DMV Fees	600	309	(291)
State Aid to Highways	146,863	165,773	18,910
Grant-in-Aid Grant Income	0	20,340	20,340
Copying Fees	5,000	10,158	5,158
Greensboro Police Contract	245,053	0	(245,053)
COPS Grant Income	20,160	4,433	(15,727)
Hardwick PD Ticket Revenue	8,500	6,499	(2,001)
PD Outside Services Revenues	250	772	522
Investment Income	6,500	3,014	(3,486)
Insurance Proceeds	0	6,013	6,013
Miscellaneous	500	1,230	730
Water and Sewer Charges	317,492	277,493	(39,999)
Fireworks Donations	1,500	2,060	560
Miscellaneous Donations	0	775	775
Room Rent	100	25	(75)
Police Department - Vest Grant Income	800	489	(311)
Government Highway Safety Grant Income	0	337	337
SIU Grant Income	0	1,670	1,670
VCF Downtown Grant Income	0	3,575	3,575
Municipal Planning Grant Income	0	6,913	6,913
Greenup Day Grant Income	400	395	(5)
Proceeds from Sale of Equipment	0	764	764
Total Revenues	3,564,390	3,309,817	(254,573)
Expenditures:			
Office Expenditures:			
Town Manager - Salary	86,510	74,206	12,304
Payroll Administrator - Salary	43,898	44,577	(679)
Town Clerk - Salary	52,189	52,367	(178)
Town Clerk Aides - Salary	38,070	39,986	(1,916)
Business Manager - Salary	52,789	52,993	(204)
Social Security	21,876	19,406	2,470
Retirement	17,091	15,995	1,096
Worker's Compensation	950	952	(2)
Unemployment Insurance	750	734	16
VLCT/PACIF	1,556	1,723	(167)

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TOWN OF HARDWICK, VERMONT
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Office Expenditures/(Cont'd):			
Health Insurance	\$ 93,315	\$ 100,711	\$ (7,396)
Dental/Vision/Life/Disability Insurances	4,990	5,740	(750)
Town Manager's Office Supplies	5,000	5,305	(305)
Town Clerk's Office Supplies	3,500	3,906	(406)
Town Report	2,000	2,632	(632)
Conferences/Dues	1,500	2,175	(675)
Tax Billing/Collection Expense	1,200	1,558	(358)
Telephone	3,150	3,389	(239)
Advertising	1,000	2,847	(1,847)
Copier	500	0	500
Election Expense	1,000	3,337	(2,337)
Computer Services	5,750	6,089	(339)
Website Maintenance	75	0	75
Equipment Purchases	3,000	2,848	152
Lister Supplies	2,800	2,641	159
Health Officer Supplies	50	0	50
Education/Training	1,200	263	937
Zoning	2,500	2,309	191
VCF Downtown Grant Expenses	0	10,488	(10,488)
VLCT Grant Expenses	0	3,878	(3,878)
Total Office Expenditures	448,209	463,055	(14,846)
Payroll (Other):			
Listers	2,500	1,455	1,045
Zoning Administrator	23,150	23,272	(122)
Zoning and Planning Board	2,250	1,925	325
Board of Civil Authority	100	0	100
Moderator	50	50	0
Selectboard	5,000	5,000	0
Social Security	4,529	2,570	1,959
Public Officers Liability	3,773	2,973	800
Election Officials	1,500	0	1,500
Energy Coordinator	50	50	0
Website Coordinator	600	600	0
Community Development Coordinator	28,000	4,398	23,602
Solid Waste Representative	150	150	0
TEC Conferences	100	40	60
Part-Time Labor	500	0	500
Town Service Officer	150	150	0
Health Officer	600	600	0
Total Payroll (Other)	73,002	43,233	29,769

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Memorial Building:			
Custodian Salary	\$ 9,850	\$ 9,571	\$ 279
Custodian Social Security	525	662	(137)
VLCT/PACIF	3,365	2,476	889
Operating Expenses/Supplies	3,000	4,300	(1,300)
Building Repairs/Maintenance	5,000	4,103	897
Utilities	6,000	4,457	1,543
Fuel Oil	9,000	8,236	764
Elevator	2,000	2,054	(54)
Generator	500	324	176
Total Memorial Building	39,240	36,183	3,057
Public Safety Building:			
VLCT/PACIF	3,567	2,680	887
Operating Supplies	1,000	1,560	(560)
Building Repairs/Maintenance	3,000	4,374	(1,374)
Utilities	2,800	2,496	304
Fuel Oil	5,000	4,768	232
Custodial Salary	6,000	5,734	266
Social Security	450	432	18
Total Public Safety Building	21,817	22,044	(227)
Fire Station:			
VLCT/PACIF	3,156	3,023	133
Utilities	2,600	2,191	409
Fuel Oil	6,000	6,904	(904)
Building Repairs/Maintenance	2,000	917	1,083
Total Fire Station	13,756	13,035	721
Town House:			
VLCT/PACIF	1,881	1,392	489
Building Repairs/Maintenance	1,000	250	750
Utilities	350	309	41
Total Town House	3,231	1,951	1,280
Historical Depot:			
VLCT/PACIF	195	150	45
Building Repairs/Maintenance	400	351	49
Total Historical Depot	595	501	94
Town Property:			
Town Property - Carey Road	175	119	56
Total Town Property	175	119	56

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Yellow Barn:			
VLCT/PACIF	\$ 190	\$ 143	\$ 47
Building Repairs/Maintenance	0	174	(174)
Utilities	0	200	(200)
Total Yellow Barn	190	517	(327)
Police Department:			
Base Payroll	480,879	371,775	109,104
Overtime	75,000	64,457	10,543
Part-Time Officers	7,500	56,835	(49,335)
Social Security	44,865	38,746	6,119
Retirement	58,923	38,111	20,812
Worker's Compensation	36,500	28,816	7,684
Unemployment Insurance	1,200	958	242
VLCT/PACIF	19,693	16,433	3,260
Health Insurance	81,550	32,299	49,251
Dental/Vision/Life/Disability Insurances	5,189	1,704	3,485
Operating Supplies	7,000	7,672	(672)
Training	5,000	1,620	3,380
Memberships	400	180	220
Legal	1,000	5,565	(4,565)
Internet Communication	5,000	2,844	2,156
Dispatch Services	27,566	27,566	0
Telephone	4,500	3,757	743
Cruiser Repairs and Maintenance	6,500	7,114	(614)
Advertising	300	746	(446)
Radio Service	1,500	3,933	(2,433)
Investigation Expense	2,000	8,246	(6,246)
Uniforms - Cleaning	1,000	516	484
Uniforms - Purchases	5,000	1,991	3,009
Fuel	11,000	10,691	309
Tires	2,500	1,664	836
Education	500	0	500
Equipment	7,500	8,166	(666)
Government Highway Safety Grant Expenses	0	201	(201)
COPS Grant Expenses	80,638	27,301	53,337
SIU Grant Expenses	0	720	(720)
VLCT Grant Expenses	0	1,735	(1,735)
Vest Grant Expenses	1,600	2,056	(456)
Total Police Department	981,803	774,418	207,385

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department:			
Labor	\$ 9,000	\$ 6,650	\$ 2,350
Social Security	680	492	188
Worker's Compensation	1,250	1,219	31
Liability Insurance	4,156	3,279	877
Operating Supplies	2,500	2,830	(330)
Telephone	1,300	1,300	0
Gasoline	100	0	100
Diesel	750	731	19
Dispatch Services	11,825	11,814	11
Equipment Purchases	8,100	8,975	(875)
Equipment Repairs	5,500	7,275	(1,775)
Training	500	347	153
Total Fire Department	45,661	44,912	749
Highway/Garage/Equipment:			
Salaries	299,468	293,666	5,802
Overtime	31,000	17,219	13,781
Sewer Operator	2,500	280	2,220
Social Security	23,154	21,901	1,253
Retirement	20,654	20,920	(266)
Worker's Compensation	19,600	18,161	1,439
Unemployment Insurance	650	607	43
VLCT/PACIF	13,500	10,886	2,614
Health Insurance	129,787	122,165	7,622
Dental/Vision/Life/Disability Insurances	8,707	8,434	273
Summer Gravel	35,000	46,000	(11,000)
Ditch Stone	8,000	4,409	3,591
Hydroseeding	3,000	0	3,000
Mud Season Maintenance	10,000	28,168	(18,168)
Chloride	20,000	17,225	2,775
East Hardwick Sidewalks	600	600	0
Mowing Contract	5,200	4,950	250
Summer Paving	4,000	4,336	(336)
Brush Cutting	5,000	3,000	2,000
Downtown Beauty	2,000	2,216	(216)
Street Sweeping	4,700	3,000	1,700
Winter Sand	33,000	22,414	10,586
Winter Salt	85,000	74,278	10,722
Operating Supplies	19,000	16,062	2,938
Permits/Fees	4,000	4,196	(196)
Telephone	1,500	1,393	107

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway/Garage/Equipment/(Cont'd):			
Culverts	\$ 4,000	\$ 2,822	\$ 1,178
Uniforms	6,000	5,275	725
Sidewalk/Line Painting	2,000	590	1,410
Streetscape	1,000	521	479
Storm Drainage	2,000	2,085	(85)
Road Signs	500	3,626	(3,126)
Safety/Training	2,500	1,451	1,049
Building Repairs	1,500	130	1,370
Equipment Repairs/Maintenance	80,000	54,502	25,498
Fuel	2,700	4,145	(1,445)
Diesel Fuel	45,000	41,861	3,139
Utilities	5,500	4,424	1,076
Fuel Oil	6,000	4,149	1,851
Grant-in-Aid Grant Expenses	0	6,804	(6,804)
Total Highway/Garage/Equipment	947,720	878,871	68,849
Appropriations:			
Caledonia Home Health Care and Hospice	2,600	2,600	0
Northeast Kingdom Human Services	3,161	3,161	0
A.W.A.R.E.	3,500	3,500	0
Lamoille Family Center	1,500	1,500	0
North Country Animal League	2,100	2,100	0
Northeast Kingdom Arts Council	3,500	3,500	0
Greensboro Nursing	4,500	4,500	0
Hardwick Historical Society	3,000	3,000	0
Hardwick Community Television	3,000	3,000	0
Rural Community Transportation	3,400	3,400	0
Craftsbury Community Cares	1,500	1,500	0
Hardwick Area Food Pantry	2,500	2,500	0
Area Agency	4,500	4,500	0
Total Appropriations	38,761	38,761	0
Rescue Squad Pro-Rated Share:	45,502	45,502	0
County Tax:	22,750	23,030	(280)

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Other Expenses:			
Auditing	\$ 13,000	\$ 14,518	\$ (1,518)
Fireworks	3,000	5,000	(2,000)
Animal Control Officer	3,000	2,335	665
Professional Services	7,500	13,127	(5,627)
NVDA	2,258	2,258	0
VLCT	4,823	4,823	0
Jeudevine Memorial Library	125,171	125,171	0
Memorial Day	500	500	0
Caspian Lake	3,300	3,300	0
Cemeteries	19,000	17,047	1,953
Transfer to Capital Roads Fund	205,000	205,000	0
Transfer to Capital Fund	132,000	132,000	0
Transfer to Equipment Replacement Fund - Fire	75,000	75,000	0
Tax Mapping	4,000	3,900	100
Solid Waste District	2,956	2,861	95
Streetlights	23,500	21,047	2,453
Memorial Park Electricity	220	168	52
Employment Practices Insurance	6,500	4,723	1,777
VLCT Community Crime Insurance	1,600	1,072	528
Town Service Officer Expense	250	0	250
Hazard Mitigation Fund	5,000	0	5,000
Tax Sale Expense	2,000	948	1,052
Insurance Deductibles	2,000	0	2,000
Conservation Commission	500	500	0
Lister Professional Services	19,350	22,200	(2,850)
Hardwick Equity Committee	2,500	611	1,889
911 Signs	3,000	2,416	584
Transfer to Equipment Replacement Fund	180,000	180,000	0
Downtown Commission	0	2,500	(2,500)
Miscellaneous	0	1,726	(1,726)
Total Other Expenses	846,928	844,751	2,177

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Department:			
Recreation Coordinator Salary	\$ 6,240	\$ 3,450	\$ 2,790
Social Security	440	264	176
Worker's Compensation	175	142	33
Unemployment Insurance	45	40	5
VLCT/PACIF	106	74	32
Youth Programs	10,973	9,875	1,098
Holiday Program	1,500	839	661
Green-Up Day	700	395	305
Senior Trotters	2,200	0	2,200
Supplies and Advertising	500	0	500
Sports Program	800	0	800
Maintenance	2,000	987	1,013
Training	310	0	310
Mileage	262	0	262
Community Programs	0	4,000	(4,000)
Total Recreation Department	26,251	20,066	6,185
Trails Department:			
Worker's Compensation	195	109	86
Unemployment Insurance	35	36	(1)
VLCT/PACIF	365	81	284
Salaries	3,215	3,648	(433)
Social Security	289	279	10
Programs and Activities	1,000	1,125	(125)
Advertising	400	79	321
Equipment Repair	1,800	1,244	556
Repair and Construction	800	1,706	(906)
Gas, Oil, Diesel	700	538	162
Total Trails Department	8,799	8,845	(46)
Total Expenditures	3,564,390	3,259,794	304,596
Excess of Revenues Over Expenditures	\$ <u>0</u>	50,023	\$ <u>50,023</u>
Fund Balance - July 1, 2021		<u>1,190,018</u>	
Fund Balance - June 30, 2022		\$ <u><u>1,240,041</u></u>	

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TOWN OF HARDWICK, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
VMERS DEFINED BENEFIT PLAN
JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 147,184,198	\$ 252,974,064	\$ 173,491,807	\$ 140,675,892	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613
Town's Proportion of the Net Pension Liability	0.4246%	0.4382%	0.4540%	0.4660%	0.4786%	0.4757%	0.5194%	0.5411%
Town's Proportionate Share of the Net Pension Liability	\$ 624,954	\$ 1,108,448	\$ 787,619	\$ 655,525	\$ 579,855	\$ 612,181	\$ 400,422	\$ 49,382
Town's Covered Employee Payroll	\$ 1,103,401	\$ 1,228,035	\$ 1,227,362	\$ 1,192,399	\$ 1,137,683	\$ 1,083,924	\$ 991,431	\$ 1,023,717
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	56.6389%	90.2619%	64.1717%	54.9753%	50.9681%	56.4782%	40.3883%	4.8238%
Plan Fiduciary 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%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

TOWN OF HARDWICK, VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
VMERS DEFINED BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 83,404	\$ 94,404	\$ 90,812	\$ 87,225	\$ 81,620	\$ 78,160	\$ 72,296	\$ 72,602
Contributions in Relation to the Actuarially Determined Contributions	<u>83,404</u>	<u>94,404</u>	<u>90,812</u>	<u>87,225</u>	<u>81,620</u>	<u>78,160</u>	<u>72,296</u>	<u>72,602</u>
Contribution Excess/(Deficiency)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Town's Covered Employee Payroll	\$ 1,103,401	\$ 1,228,035	\$ 1,227,362	\$ 1,192,399	\$ 1,137,683	\$ 1,083,924	\$ 991,431	\$ 1,023,717
Contributions as a Percentage of Town's Covered Employee Payroll	7.559%	7.687%	7.399%	7.315%	7.174%	7.211%	7.292%	7.092%

Notes to Schedule

Valuation Date: June 30, 2021

Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

TOWN OF HARDWICK, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
<u>ASSETS</u>				
Cash	\$ 179,154	\$ 0	\$ 0	\$ 179,154
Investments	0	0	64,835	64,835
Receivables	0	6,711	0	6,711
Loans Receivable (Net of Allowance for Uncollectibles)	208,367	0	0	208,367
Due from Other Funds	406,435	609,643	8,137	1,024,215
Prepaid Items	<u>53</u>	<u>0</u>	<u>0</u>	<u>53</u>
Total Assets	<u>\$ 794,009</u>	<u>\$ 616,354</u>	<u>\$ 72,972</u>	<u>\$ 1,483,335</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,881	\$ 23,450	\$ 0	\$ 25,331
Accrued Payroll and Benefits Payable	1,322	0	0	1,322
Due to Other Funds	0	202,453	0	202,453
Unearned Revenue	<u>5,676</u>	<u>0</u>	<u>0</u>	<u>5,676</u>
Total Liabilities	<u>8,879</u>	<u>225,903</u>	<u>0</u>	<u>234,782</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loans Receivable	<u>208,367</u>	<u>0</u>	<u>0</u>	<u>208,367</u>
Total Deferred Inflows of Resources	<u>208,367</u>	<u>0</u>	<u>0</u>	<u>208,367</u>
<u>FUND BALANCES</u>				
Nonspendable	53	0	8,861	8,914
Restricted	427,209	10,163	55,911	493,283
Committed	13,030	576,656	8,200	597,886
Assigned	136,471	5,000	0	141,471
Unassigned/(Deficit)	<u>0</u>	<u>(201,368)</u>	<u>0</u>	<u>(201,368)</u>
Total Fund Balances	<u>576,763</u>	<u>390,451</u>	<u>72,972</u>	<u>1,040,186</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 794,009</u>	<u>\$ 616,354</u>	<u>\$ 72,972</u>	<u>\$ 1,483,335</u>

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TOWN OF HARDWICK, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
Revenues:				
Intergovernmental	\$ 25,225	\$ 76,992	\$ 0	\$ 102,217
Charges for Services	0	0	4,770	4,770
Permits, Licenses and Fees	8,775	0	0	8,775
Loan Repayments	90,759	0	0	90,759
Loan Interest Income	11,129	0	0	11,129
Investment Income	1,731	2,083	253	4,067
Donations	2,500	5,979	0	8,479
Other	3,577	0	0	3,577
Total Revenues	143,696	85,054	5,023	233,773
Expenditures:				
General Government	980	20,800	0	21,780
Public Safety	0	8,869	0	8,869
Highways and Streets	0	31,180	0	31,180
Culture and Recreation	128,049	17,345	0	145,394
Community Development	304	4,058	0	4,362
Cemetery	0	0	155	155
Capital Outlay:				
General Government	0	22,400	0	22,400
Public Safety	0	8,942	0	8,942
Highways and Streets	0	156,820	0	156,820
Community Development	0	62,479	0	62,479
Debt Service:				
Principal	0	15,000	0	15,000
Interest	0	7,316	0	7,316
Total Expenditures	129,333	355,209	155	484,697
Excess/(Deficiency) of Revenues Over Expenditures	14,363	(270,155)	4,868	(250,924)
Other Financing Sources:				
Transfers In	125,671	337,000	0	462,671
Total Other Financing Sources	125,671	337,000	0	462,671
Net Change in Fund Balances	140,034	66,845	4,868	211,747
Fund Balances - July 1, 2021	436,729	323,606	68,104	828,439
Fund Balances - June 30, 2022	\$ 576,763	\$ 390,451	\$ 72,972	\$ 1,040,186

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Reappraisal Fund	Restoration Fund	Revolving Loan Fund	Restorative Justice Fund	Fire Department Special Fund	Jeudevine Memorial Library Fund	Conservation Commission Fund	Total
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 179,154	\$ 0	\$ 0	\$ 0	\$ 0	\$ 179,154
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	208,367	0	0	0	0	208,367
Due from Other Funds	136,471	34,632	201,015	9,573	2,835	20,647	1,262	406,435
Prepaid Items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53</u>	<u>0</u>	<u>53</u>
Total Assets	<u>\$ 136,471</u>	<u>\$ 34,632</u>	<u>\$ 588,536</u>	<u>\$ 9,573</u>	<u>\$ 2,835</u>	<u>\$ 20,700</u>	<u>\$ 1,262</u>	<u>\$ 794,009</u>
<u>LIABILITIES</u>								
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,881	\$ 0	\$ 1,881
Accrued Payroll and Benefits Payable	0	0	0	0	0	1,322	0	1,322
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,676</u>	<u>0</u>	<u>5,676</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,879</u>	<u>0</u>	<u>8,879</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Loans Receivable	<u>0</u>	<u>0</u>	<u>208,367</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>208,367</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>208,367</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>208,367</u>
<u>FUND BALANCES</u>								
Nonspendable	0	0	0	0	0	53	0	53
Restricted	0	34,632	380,169	9,573	2,835	0	0	427,209
Committed	0	0	0	0	0	11,768	1,262	13,030
Assigned	<u>136,471</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>136,471</u>
Total Fund Balances	<u>136,471</u>	<u>34,632</u>	<u>380,169</u>	<u>9,573</u>	<u>2,835</u>	<u>11,821</u>	<u>1,262</u>	<u>576,763</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 136,471</u>	<u>\$ 34,632</u>	<u>\$ 588,536</u>	<u>\$ 9,573</u>	<u>\$ 2,835</u>	<u>\$ 20,700</u>	<u>\$ 1,262</u>	<u>\$ 794,009</u>

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TOWN OF HARDWICK, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Reappraisal Fund	Restoration Fund	Revolving Loan Fund	Restorative Justice Fund	Fire Department Special Fund	Jeudevine Memorial Library Fund	Conservation Commission Fund	Total
Revenues:								
Intergovernmental	\$ 14,592	\$ 0	\$ 0	\$ 9,573	\$ 0	\$ 1,060	\$ 0	\$ 25,225
Permits, Licenses and Fees	0	8,775	0	0	0	0	0	8,775
Loan Repayments	0	0	90,759	0	0	0	0	90,759
Loan Interest Income	0	0	11,129	0	0	0	0	11,129
Investment Income	492	0	1,132	0	9	98	0	1,731
Donations	0	0	0	0	850	1,650	0	2,500
Other	0	0	736	0	0	2,841	0	3,577
Total Revenues	<u>15,084</u>	<u>8,775</u>	<u>103,756</u>	<u>9,573</u>	<u>859</u>	<u>5,649</u>	<u>0</u>	<u>143,696</u>
Expenditures:								
General Government	0	0	0	0	0	0	980	980
Culture and Recreation	0	0	0	0	0	128,049	0	128,049
Community Development	0	0	304	0	0	0	0	304
Total Expenditures	<u>0</u>	<u>0</u>	<u>304</u>	<u>0</u>	<u>0</u>	<u>128,049</u>	<u>980</u>	<u>129,333</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>15,084</u>	<u>8,775</u>	<u>103,452</u>	<u>9,573</u>	<u>859</u>	<u>(122,400)</u>	<u>(980)</u>	<u>14,363</u>
Other Financing Sources:								
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>125,171</u>	<u>500</u>	<u>125,671</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>125,171</u>	<u>500</u>	<u>125,671</u>
Net Change in Fund Balances	15,084	8,775	103,452	9,573	859	2,771	(480)	140,034
Fund Balances - July 1, 2021	<u>121,387</u>	<u>25,857</u>	<u>276,717</u>	<u>0</u>	<u>1,976</u>	<u>9,050</u>	<u>1,742</u>	<u>436,729</u>
Fund Balances - June 30, 2022	<u>\$ 136,471</u>	<u>\$ 34,632</u>	<u>\$ 380,169</u>	<u>\$ 9,573</u>	<u>\$ 2,835</u>	<u>\$ 11,821</u>	<u>\$ 1,262</u>	<u>\$ 576,763</u>

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TOWN OF HARDWICK, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2022

	Capital Fund	Capital Roads Fund	Yellow Barn Fund	Total
<u>ASSETS</u>				
Receivables	\$ 5,626	\$ 0	\$ 1,085	\$ 6,711
Due from Other Funds	<u>513,118</u>	<u>96,525</u>	<u>0</u>	<u>609,643</u>
Total Assets	<u>\$ 518,744</u>	<u>\$ 96,525</u>	<u>\$ 1,085</u>	<u>\$ 616,354</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 23,450	\$ 0	\$ 0	\$ 23,450
Due to Other Funds	<u>0</u>	<u>0</u>	<u>202,453</u>	<u>202,453</u>
Total Liabilities	<u>23,450</u>	<u>0</u>	<u>202,453</u>	<u>225,903</u>
Fund Balances:				
Restricted	10,163	0	0	10,163
Committed	480,131	96,525	0	576,656
Assigned	5,000	0	0	5,000
Unassigned/(Deficit)	<u>0</u>	<u>0</u>	<u>(201,368)</u>	<u>(201,368)</u>
Total Fund Balances	<u>495,294</u>	<u>96,525</u>	<u>(201,368)</u>	<u>390,451</u>
Total Liabilities and Fund Balances	<u>\$ 518,744</u>	<u>\$ 96,525</u>	<u>\$ 1,085</u>	<u>\$ 616,354</u>

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TOWN OF HARDWICK, VERMONT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022

	Capital Fund	Capital Roads Fund	Yellow Barn Fund	Total
Revenues:				
Intergovernmental	\$ 14,513	\$ 0	\$ 62,479	\$ 76,992
Investment Income	1,864	219	0	2,083
Donations	5,979	0	0	5,979
Total Revenues	22,356	219	62,479	85,054
Expenditures:				
General Government	20,800	0	0	20,800
Public Safety	8,869	0	0	8,869
Highways and Streets	2,669	28,511	0	31,180
Culture and Recreation	17,345	0	0	17,345
Community Development	0	0	4,058	4,058
Capital Outlay:				
General Government	22,400	0	0	22,400
Public Safety	8,942	0	0	8,942
Highways and Streets	6,979	149,841	0	156,820
Community Development	0	0	62,479	62,479
Debt Service:				
Principal	0	15,000	0	15,000
Interest	0	7,316	0	7,316
Total Expenditures	88,004	200,668	66,537	355,209
Excess/(Deficiency) of Revenues Over Expenditures	(65,648)	(200,449)	(4,058)	(270,155)
Other Financing Sources:				
Transfers In	132,000	205,000	0	337,000
Total Other Financing Sources	132,000	205,000	0	337,000
Net Change in Fund Balances	66,352	4,551	(4,058)	66,845
Fund Balances/(Deficit) - July 1, 2021	428,942	91,974	(197,310)	323,606
Fund Balances/(Deficit) - June 30, 2022	\$ 495,294	\$ 96,525	\$ (201,368)	\$ 390,451

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TOWN OF HARDWICK, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Base Revenue	\$ 205,708	\$ 203,111	\$ (2,597)
Water Usage Revenue	84,638	101,305	16,667
Penalties and Interest	4,500	4,996	496
Investment Income	2,000	0	(2,000)
Water Connection Fees	0	1,500	1,500
Miscellaneous Revenue	1,500	0	(1,500)
Total Revenues	298,346	310,912	12,566
Expenses:			
Administration Salaries	77,797	77,797	0
Public Works Salaries	49,652	49,652	0
Sewer Operator Salaries and Benefits	1,500	1,120	380
Administrative Charge	11,297	11,297	0
Administrative Supplies	2,500	2,328	172
VLCT/PACIF	1,500	1,353	147
Legal/Audit	7,500	7,241	259
Communications	800	1,978	(1,178)
Professional Services	200	300	(100)
Training and Safety	1,000	565	435
Utilities	30,000	29,389	611
Line Maintenance	6,000	7,109	(1,109)
Reservoir Maintenance	500	0	500
Pumphouse Maintenance	4,000	2,251	1,749
Generators	500	0	500
Hydrants	500	0	500
Depreciation Expense	100	0	100
Water Testing	2,000	1,150	850
Chlorination	500	0	500
Permit Fees	3,500	3,712	(212)
Truck Repair and Maintenance	1,000	441	559
Minor Repair and Maintenance	500	597	(97)
Gasoline	500	486	14
Bridgman Hill Reservoir	18,000	16,503	1,497
Capital Account Transfer	77,000	77,000	0
Total Expenses	298,346	292,269	6,077
Net Income	\$ <u>0</u>	18,643	\$ <u>18,643</u>

Adjustments to Reconcile to GAAP Basis Statements:

Depreciation	(89,830)
Principal Payments on Long-term Debt	7,333
Well Replacement Account Income	265
Capital Account Income	2,666
Capital Account Expenses	(4,402)
Capital Account Transfer In	77,000

Change in Net Position - Exhibit G \$ 11,675

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TOWN OF HARDWICK, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Sewer Base Revenue	\$ 345,088	\$ 345,747	\$ 659
Sewer Usage Revenue	130,583	134,744	4,161
Penalties and Interest	6,500	8,420	1,920
Investment Income	3,000	0	(3,000)
Sewer Connection Fees	2,000	4,322	2,322
Transfers In	1,600	1,400	(200)
Total Revenues	488,771	494,633	5,862
Expenses:			
Administration Salaries	77,797	77,797	0
Public Works Salaries	49,652	49,652	0
Sewer Operator Salary	53,893	45,962	7,931
Assistant Sewer Operator Salary	1,200	6,712	(5,512)
Sewer Operator Overtime	9,000	7,025	1,975
Administrative Charge	11,298	11,298	0
Administrative Supplies	2,000	2,423	(423)
Health Insurance	23,510	27,236	(3,726)
Dental Insurance	1,325	1,243	82
Vision Insurance	130	126	4
Life Insurance	245	221	24
Social Security	4,401	4,315	86
Retirement	3,900	3,155	745
VLCT/PACIF	6,500	4,076	2,424
Worker's Compensation	4,300	3,577	723
Unemployment Insurance	120	104	16
Legal/Audit	7,500	7,241	259
Communications	2,000	2,598	(598)
Uniforms	1,000	1,031	(31)
Professional Services	500	300	200
Training	1,000	206	794
Safety	1,000	685	315
Utilities - Plant	32,500	35,742	(3,242)
Utilities - Lift Station	3,000	2,841	159
Fuel Oil	3,000	5,055	(2,055)
Alarms	900	953	(53)
Water Charge	350	288	62
Lab Operations	7,500	5,193	2,307
Lift Station Maintenance	2,000	638	1,362
Sewer Line Cleaning	5,000	4,575	425
Sewer Line Maintenance	4,000	3,155	845
Grit Disposal	750	746	4
Plant Maintenance	5,000	5,343	(343)
Process Chemicals	26,000	26,733	(733)
Licenses and Fees	1,500	1,593	(93)
Equipment Maintenance	500	493	7

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TOWN OF HARDWICK, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Gasoline/Diesel	\$ 500	\$ 486	\$ 14
Mill Street Bond and Interest	2,000	3,960	(1,960)
Debt - WWTF Upgrade	40,000	0	40,000
Capital Account Transfer	92,000	92,000	0
Total Expenses	488,771	446,777	41,994
Net Income	\$ 0	47,856	\$ 47,856
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(73,426)	
Principal Payments on Long-term Debt		2,300	
Debt Forgiveness		44,452	
Change in Accrued Interest Payable		40	
Change in Net Pension Liability - GASB 68		(1,740)	
Capital Account Income		3,167	
Capital Account Expenses		(7,000)	
Capital Account Transfer In		92,000	
Change in Net Position - Exhibit G		\$ 107,649	

See Disclaimer in Accompanying Independent Auditor's Report.

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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"

Selectboard
Town of Hardwick, Vermont
P.O. Box 523
Hardwick, Vermont 05843

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 Hardwick, Vermont as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hardwick, Vermont's basic financial statements and have issued our report thereon dated November 9, 2022. The report on the business-type activities was adverse because of the omission of the Electric Fund and this report does not include that fund.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hardwick, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

Purpose of this Report

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

November 9, 2022
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Company