

**TOWN OF HARDWICK, VERMONT**

**AUDIT REPORT**

**JUNE 30, 2023**

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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, 2023, 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
Yellow Barn 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, 2023, 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, Yellow Barn 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, 2023, 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, 2023, the Town implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”.

***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 December 28, 2023 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.

*Sullivan, Powers & Co.*

December 28, 2023  
Montpelier, Vermont  
VT Lic. #92-000180

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

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 (FY) ending June 30, 2023. 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, 2023, resulting in a net position of \$16,603,260. This is an increase of \$1,282,300 over the previous year.
- In Exhibit A, Governmental Activities' net position of \$11,524,590 represents an increase of \$1,069,303 over last year.
- In Exhibit A, \$5,078,670 of the net position represents water and sewer fund activities (business funds). This demonstrates an increase of \$212,997 over the previous year.
- In Exhibit A, \$1,755,504 of the net position is restricted for specific sources such as culture and recreation, the library expansion, community development, and cemetery perpetual care. This is an increase from FY 2022 of \$120,372.
- In Exhibit A, \$1,297,908 of governmental activities net position are unrestricted and may be used for future obligations. This is an increase of \$54,820 from June 30, 2022. Some of these include funding for projects related to paving, bridge work, but also for building upgrades and sidewalks.
- In Exhibit A, \$667,386 of Business-type Activities Net Position are Unrestricted and may be used to meet the Town's future water and sewer obligations. This is a decrease of \$621,195 from June 30, 2022. The decrease is due to using the sewer capital funds to pay invoices for the wastewater treatment facility upgrade project until we get reimbursement from our bond.

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

- In Exhibit D, the fund balances of governmental funds increased by \$205,831 from the previous year. The increase can be attributed to increased balances in capital reserve accounts.
- In Exhibit D, the General Fund balance decreased by \$260,538 from June 30, 2022. The General Fund balance at the end of FY 2023 was \$979,503.
- In Exhibit D, the Jeudevine Building Fund balance increased by \$73,399 in FY 2023. The total amount in the fund at year end was \$997,995. 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, 2023

- In Exhibit D, the Non-Major Governmental Funds increased by \$386,098 in FY 2023. The total amount in those funds at year end was \$1,822,592. This was due to increased balances in some of the special revenue accounts.
- In Exhibit F, the Water Fund ended the fiscal year with a net position balance of \$2,943,867, which represented a decrease of \$20,045. \$2,148,710 represents the Town's net investment in capital assets. The cash balance due from the General Account at year end was \$729,988, which was an increase of \$34,478. A total of \$795,157 of net position is unrestricted with \$152,538 set aside for well replacement, \$499,635 set aside for water capital projects, and the remaining \$142,984 available for operations.
- In Exhibit F, the Sewer Fund ended the fiscal year with a net position balance of \$2,134,803, an increase of \$233,042 from the previous year. \$2,262,574 represents the Town's net investment in capital assets. This increase was primarily due to the debt forgiveness on the bond for the plant upgrades. The cash balance due from the General Account at year end was \$132,459 which was a decrease of \$299,998. There was \$21,167 of net position that had been designated for sewer capital projects in excess of unrestricted net position.

## 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, 2023

**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	
	FY2023	FY2022	FY 2023	FY 2022	FY 2023	FY 2022
Current and Other Assets	\$ 4,031,669	\$ 4,218,680	\$ 1,047,012	\$ 1,339,739	\$ 5,078,681	\$ 5,558,419
Capital Assets	9,120,899	8,297,977	6,360,520	4,796,990	15,481,419	13,094,967
Total Assets	<u>13,152,568</u>	<u>12,516,657</u>	<u>7,407,532</u>	<u>6,136,729</u>	<u>20,560,100</u>	<u>18,653,386</u>
Deferred Outflows of Resources	<u>368,219</u>	<u>287,375</u>	<u>17,759</u>	<u>11,292</u>	<u>385,978</u>	<u>298,667</u>
Current Liabilities	172,227	552,401	341,843	20,443	514,070	572,844
Long-Term Liabilities	<u>1,668,040</u>	<u>1,398,951</u>	<u>1,997,475</u>	<u>1,246,531</u>	<u>3,665,515</u>	<u>2,645,482</u>
Total Liabilities	<u>1,840,267</u>	<u>1,951,352</u>	<u>2,339,318</u>	<u>1,266,974</u>	<u>4,179,585</u>	<u>3,218,326</u>
Deferred Inflows of Resources	<u>155,930</u>	<u>397,393</u>	<u>7,303</u>	<u>15,374</u>	<u>163,233</u>	<u>412,767</u>
Net Position						
Net Investment in						
Capital Assets	8,471,178	7,577,067	4,411,284	3,577,092	12,882,462	11,154,159
Restricted	1,755,504	1,635,132	0	0	1,755,504	1,635,132
Unrestricted	<u>1,297,908</u>	<u>1,243,088</u>	<u>667,386</u>	<u>1,288,581</u>	<u>1,965,294</u>	<u>2,531,669</u>
Total Net Position	<u>\$ 11,524,590</u>	<u>\$ 10,455,287</u>	<u>\$ 5,078,670</u>	<u>\$ 4,865,673</u>	<u>\$ 16,603,260</u>	<u>\$ 15,320,960</u>

**TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

As stated in Exhibit A, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the end of fiscal year 2023. This is an increase of \$1,282,300 from the previous year. This means the financial strength of the Town increased by that amount during the year.

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 (\$1,755,504) is restricted to future use, such as the revolving loan fund and the library expansion funds. The remaining net position (\$1,965,294) 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 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
<b>REVENUES</b>						
Charges for Service	\$ 84,868	\$ 88,362	\$ 728,054	\$ 804,145	\$ 812,922	\$ 892,507
Operating Grants and Contributions	316,625	244,448	0	0	316,625	244,448
Capital Grants and Contributions	1,071,104	395,745	238,456	44,452	1,309,560	440,197
Property Taxes	2,568,365	2,452,362	0	0	2,568,365	2,452,362
Penalty and Interest on Delinquent Taxes	18,421	27,001	0	0	18,421	27,001
General State Grants	314,418	252,798	0	0	314,418	252,798
ARPA Funds	840,499	0	0	0	840,499	0
Unrestricted Investment Earnings	65,789	10,772	13,724	3,998	79,513	14,770
Insurance Proceeds	0	6,013	0	0	0	6,013
Other Revenues	281	1,230	0	600	281	1,830
Proceeds from Sale of Vehicles	925	0	0	0	925	0
Proceeds from Sale of Equipment	125	0	0	1,500	125	1,500
<b>Total Revenues</b>	<b>5,281,420</b>	<b>3,478,731</b>	<b>980,234</b>	<b>854,695</b>	<b>6,261,654</b>	<b>4,333,426</b>
<b>EXPENDITURES</b>						
General Government	724,518	583,504	0	0	724,518	583,504
Public Safety	1,082,981	989,153	0	0	1,082,981	989,153
Highways and Streets	1,301,379	1,194,276	0	0	1,301,379	1,194,276
Culture and Recreation	249,481	207,247	0	0	249,481	207,247
Community Development	318,999	8,760	0	0	318,999	8,760
Cemetery	16,936	17,202	0	0	16,936	17,202
Interest on Long-Term Debt	17,823	20,697	0	0	17,823	20,697
Water	0	0	305,216	302,168	305,216	302,168
Sewer	0	0	962,021	433,203	962,021	433,203
<b>Total Expenditures</b>	<b>3,712,117</b>	<b>3,020,839</b>	<b>1,267,237</b>	<b>735,371</b>	<b>4,979,354</b>	<b>3,756,210</b>
Transfers:	(500,000)	0	500,000	0	0	0
Changes in Net Position	1,069,303	457,892	212,997	119,324	1,282,300	577,216
Net Position - Beginning of Year	10,455,287	9,997,395	4,865,673	4,746,349	15,320,960	14,743,744
Net Position - End of Year	<u>\$ 11,524,590</u>	<u>\$ 10,455,287</u>	<u>\$ 5,078,670</u>	<u>\$ 4,865,673</u>	<u>\$ 16,603,260</u>	<u>\$ 15,320,960</u>

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

**Governmental activities (Exhibit B):** Governmental activities increased the Town's net position by \$1,069,303 in FY 2023. This increase was primarily due to capital grants and contributions.

**Business-type activities (Exhibit G):** Business-type activities increased the Town's net position by \$212,997. This increase was primarily due to investment in capital projects such as the wastewater plant.

The Water Fund had an operational loss of \$20,437 and a decrease in net position of \$20,045. This was primarily due to depreciation expense.

The Sewer Fund had an operational loss of \$505,430 and an increase in net position of \$233,042. This is due to the sludge removal/disposal costs, which were partly paid for by ARPA funds. Net position still increased due to an internal transfer from ARPA to cover the sludge costs.

### **Financial Analysis of Major Governmental Funds**

#### **The General Fund**

The General Fund balance decreased by \$260,538 during FY 2023. The total fund balance at year end was \$979,503. Of that amount, \$40,151 is non-spendable inventory and prepaid items. The Town had voted to use \$175,000 of the fund balance for FY 23 to offset any tax rate increase. Revenues for FY 2023 were higher than FY 2022 by \$174,859. The Town was \$55,000 over budget in revenues, primarily due to grant income and investment income.

Expenditures were \$140,645 over budget. On the expense side, the Town dealt with inflation especially in diesel fuel prices and salt. Other areas that were over budget were professional services, cyber security hardware, and part-time police officers to cover shifts. There were a variety of smaller overages throughout the budget, such as insurances, building maintenance, etc. Since the existing fund balance is 27% of the overall budget and mostly available for use, the Town should not have to borrow funds to cover general operating expenses soon.

#### **Jeudevine Building Fund**

As reported on Exhibit D, the Jeudevine Building Fund had a year-end balance of \$997,995. These funds are for the addition/renovation of the Jeudevine Memorial Library. In FY 2023, the Jeudevine Building Fund took in roughly \$120,000 made up of grants, private donations, ARPA funds from the Town, 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.

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

### Capital Assets

The Town of Hardwick's net investment in capital assets for its governmental and business-type activities as of June 30, 2023, totaled \$8,471,178 and \$4,411,284 respectively, (net of Accumulated Depreciation and Related Debt). This is an increase of \$894,111 over last year for governmental activities and an increase of \$834,192 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 Excavator (Highway Dept.)
- A new Ford Explorer Police cruiser
- A new snow groomer for the Hardwick Trails
- Upgraded the sprinkler system at Memorial Building to a nitrogen system

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

- Wastewater Treatment Facility upgrade project

### Debt Administration

As of June 30, 2023, the governmental activities of the Town of Hardwick were carrying one note and three bonds payable for the following:

- A fire truck purchase (2014) with an outstanding debt balance of \$186,664
- A fire truck purchase (2021) with an outstanding debt balance of \$256,666
- A loader purchase with an outstanding debt balance of \$11,391
- Mackville Road Improvements with an outstanding debt balance of \$195,000

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 \$793,931. The other is also to the State Special Revolving Loan Fund and was to replace the Bridgman Reservoir roof. The Town 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 \$302,122.

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, 2023, was \$36,800. The second bond is through the State Special Environmental Revolving Loan Fund for upgrading the wastewater treatment facility. The total outstanding is \$816,383 at year end. The final bond amount after subsidies will be \$2,275,000. 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, 2023

**Economic Factors and Next Year's Budgets and Rates**

In FY 2023, the Town started to see and feel the effects of rising inflation in terms of fuel prices, equipment repairs, road materials, and more. The Town continues to face challenges when trying to purchase new equipment and vehicles. There were extended wait times on these products and some were unable to even order. The Town has to plan 1.5 years in advance for the bigger dump trucks that are needed for the highway department.

At the close of FY 2023, the Town used \$260,538 of the fund balance. The Town had anticipated using \$175,000, but for factors out of our control mentioned earlier, we ended up using about \$85,000 more than expected. The fund balance is currently \$979,503 or about 27% 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 Town is fortunate to have a healthy fund balance, which was extremely helpful when severe flooding hit the Town in July 2023. In light of this, the Town was able to make temporary repairs to reopen roads and get the wastewater plant back up and running without any short-term borrowing. The Town expects to receive FEMA reimbursement for all of the work from the flood.

The FY 2024 budget that was approved by the voters is \$3,736,029 (excluding appropriations) which was an increase of 4.8% from FY 2023 (excluding appropriations). The goal each year has typically been for an increase of roughly 3-4%. The Town is beginning to see that this is not realistic going forward with the rising costs of materials, equipment, fuel, salt, and collective bargaining for competitive salaries and benefits. While the Town tries to keep the increases to a minimum, they have to continue to retain valuable employees, maintain the Town's roads and buildings, and plan for future capital investments. These come at a premium cost in today's economy.

For the FY 2024 budget, the Select Board proposed to the voters using \$125,000 of the existing fund balance to offset the tax rate, which was approved at the 2023 Town meeting. The Town hopes that they do not have to use this much, but it is there if needed.

During the summer of 2023 (FY 24), the Town had planned to have North Main Street, Vermont Avenue and Hideaway Acres paved. However, circumstances with the vendor who was awarded the bid prevented this work from being completed this season.

The Town of Hardwick continues to grow and there is no shortage of activity in the Town. The Town has a number of important projects in process, including replacing the pedestrian bridge, the Jeudevine Library expansion, and the Hardwick Yellow Barn Business Accelerator (HYBBA) project. Progress was made on each of these projects in FY 23 and has continued into FY 24. The HYBBA finally broke ground and construction is expected to be completed in the Fall of 2024. The Town of Hardwick entered into a lease agreement for the Yellow Barn property to the Northeast Kingdom Development Corporation (NEKDC), a non-profit entity to further economic development projects in the region. While the Town will continue to own the property, NEKDC will manage the facility and tenants. The library expansion also started and is expected to be complete late Summer 2024. There was significant progress with engineering, design, permits, and environmental work on the pedestrian bridge.

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023

**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, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 4,495,667	\$ 0	\$ 4,495,667
Investments	65,023	0	65,023
Receivables (Net of Allowance for Uncollectibles)	123,246	177,574	300,820
Loans Receivable (Net of Allowance for Uncollectibles)	170,029	0	170,029
Internal Balances	(862,447)	862,447	0
Prepaid Expenses	1,012	0	1,012
Inventory	39,139	6,991	46,130
Capital Assets:			
Land	272,677	80,741	353,418
Construction in Progress	1,941,189	1,896,291	3,837,480
Other Capital Assets, (Net of Accumulated Depreciation)	6,907,033	4,383,488	11,290,521
Total Assets	<u>13,152,568</u>	<u>7,407,532</u>	<u>20,560,100</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>368,219</u>	<u>17,759</u>	<u>385,978</u>
Total Deferred Outflows of Resources	<u>368,219</u>	<u>17,759</u>	<u>385,978</u>
<u>LIABILITIES</u>			
Accounts Payable	99,118	335,745	434,863
Accrued Payroll and Benefits Payable	49,478	2,817	52,295
Unearned Revenue	20,938	1,856	22,794
Accrued Interest Payable	2,693	1,425	4,118
Noncurrent Liabilities:			
Due within One Year	71,391	42,810	114,201
Due in More than One Year	1,596,649	1,954,665	3,551,314
Total Liabilities	<u>1,840,267</u>	<u>2,339,318</u>	<u>4,179,585</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	4,470	0	4,470
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>151,460</u>	<u>7,303</u>	<u>158,763</u>
Total Deferred Inflows of Resources	<u>155,930</u>	<u>7,303</u>	<u>163,233</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,471,178	4,411,284	12,882,462
Restricted:			
Jeudevine Building	997,995	0	997,995
Community Development	600,089	0	600,089
Other	157,420	0	157,420
Unrestricted	<u>1,297,908</u>	<u>667,386</u>	<u>1,965,294</u>
Total Net Position	<u>\$ 11,524,590</u>	<u>\$ 5,078,670</u>	<u>\$ 16,603,260</u>

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



TOWN OF HARDWICK, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	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
<b>Functions/Programs:</b>							
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 724,518	\$ 56,178	\$ 34,494	\$ 0	\$ (633,846)	\$ 0	\$ (633,846)
Public Safety	1,082,981	14,436	49,688	8,000	(1,010,857)	0	(1,010,857)
Highways and Streets	1,301,379	3,000	182,527	0	(1,115,852)	0	(1,115,852)
Culture and Recreation	249,481	4,271	49,877	73,785	(121,548)	0	(121,548)
Community Development	318,999	6,783	39	989,319	677,142	0	677,142
Cemetery	16,936	200	0	0	(16,736)	0	(16,736)
Interest on Long-term Debt	17,823	0	0	0	(17,823)	0	(17,823)
<b>Total Governmental Activities</b>	<b>3,712,117</b>	<b>84,868</b>	<b>316,625</b>	<b>1,071,104</b>	<b>(2,239,520)</b>	<b>0</b>	<b>(2,239,520)</b>
<b>Business-type Activities:</b>							
Water	305,216	274,239	0	0	0	(30,977)	(30,977)
Sewer	962,021	453,815	0	238,456	0	(269,750)	(269,750)
<b>Total Business-type Activities</b>	<b>1,267,237</b>	<b>728,054</b>	<b>0</b>	<b>238,456</b>	<b>0</b>	<b>(300,727)</b>	<b>(300,727)</b>
<b>Total Primary Government</b>	<b>\$ 4,979,354</b>	<b>\$ 812,922</b>	<b>\$ 316,625</b>	<b>\$ 1,309,560</b>	<b>(2,239,520)</b>	<b>(300,727)</b>	<b>(2,540,247)</b>
<b>General Revenues:</b>							
Property Taxes					2,568,365	0	2,568,365
Penalties and Interest on Delinquent Taxes					18,421	0	18,421
General State Grants					314,418	0	314,418
ARPA Funds					840,499	0	840,499
Unrestricted Investment Earnings					65,789	13,724	79,513
Gain on Sale of Vehicles					925	0	925
Gain on Sale of Equipment					125	0	125
Other Revenues					281	0	281
Transfers:					(500,000)	500,000	0
<b>Total General Revenues and Transfers</b>					<b>3,308,823</b>	<b>513,724</b>	<b>3,822,547</b>
<b>Change in Net Position</b>					<b>1,069,303</b>	<b>212,997</b>	<b>1,282,300</b>
<b>Net Position - July 1, 2022</b>					<b>10,455,287</b>	<b>4,865,673</b>	<b>15,320,960</b>
<b>Net Position - June 30, 2023</b>					<b>\$ 11,524,590</b>	<b>\$ 5,078,670</b>	<b>\$ 16,603,260</b>

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

TOWN OF HARDWICK, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Jeudevine Building Fund	Yellow Barn Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 4,269,602	\$ 0	\$ 0	\$ 0	\$ 226,065	\$ 4,495,667
Investments	0	0	0	0	65,023	65,023
Receivables	104,238	0	6,005	0	13,003	123,246
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	170,029	170,029
Due from Other Funds	0	1,014,395	0	14,930	1,540,042	2,569,367
Prepaid Items	1,012	0	0	0	0	1,012
Inventory	39,139	0	0	0	0	39,139
 Total Assets	 <u>\$ 4,413,991</u>	 <u>\$ 1,014,395</u>	 <u>\$ 6,005</u>	 <u>\$ 14,930</u>	 <u>\$ 2,014,162</u>	 <u>\$ 7,463,483</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 74,281	\$ 13,900	\$ 4,920	\$ 0	\$ 6,017	\$ 99,118
Accrued Payroll and Benefits Payable	47,714	0	0	0	1,764	49,478
Due to Other Funds	3,236,233	0	195,581	0	0	3,431,814
Unearned Revenue	2,558	2,500	0	14,930	950	20,938
 Total Liabilities	 <u>3,360,786</u>	 <u>16,400</u>	 <u>200,501</u>	 <u>14,930</u>	 <u>8,731</u>	 <u>3,601,348</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	4,470	0	0	0	0	4,470
Unavailable Property Taxes, Penalties and Interest	68,000	0	0	0	0	68,000
Unavailable Grants	1,232	0	0	0	12,810	14,042
Unavailable Loans Receivable	0	0	0	0	170,029	170,029
 Total Deferred Inflows of Resources	 <u>73,702</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>182,839</u>	 <u>256,541</u>
<u>FUND BALANCES</u>						
Nonspendable	40,151	0	0	0	8,861	49,012
Restricted	0	997,995	0	0	578,619	1,576,614
Committed	0	0	0	0	1,076,967	1,076,967
Assigned	198,815	0	0	0	158,145	356,960
Unassigned/(Deficit)	740,537	0	(194,496)	0	0	546,041
 Total Fund Balances	 <u>979,503</u>	 <u>997,995</u>	 <u>(194,496)</u>	 <u>0</u>	 <u>1,822,592</u>	 <u>3,605,594</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 4,413,991</u>	 <u>\$ 1,014,395</u>	 <u>\$ 6,005</u>	 <u>\$ 14,930</u>	 <u>\$ 2,014,162</u>	 <u>\$ 11,524,590</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.						9,120,899
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						252,071
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.						(1,670,733)
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.						216,759
Net Position of Governmental Activities						<u>\$ 11,524,590</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, 2023

	General Fund	Jeudevine Building Fund	Yellow Barn Fund	ARPA Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ 2,549,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,549,365
Penalties and Interest on Delinquent Taxes	18,421	0	0	0	0	18,421
Intergovernmental	559,084	4,819	927,877	840,499	66,239	2,398,518
Charges for Services	287,270	0	0	0	200	287,470
Permits, Licenses and Fees	42,527	0	0	0	7,140	49,667
Fines and Forfeits	6,477	0	0	0	0	6,477
Loan Repayments	0	0	0	0	88,338	88,338
Loan Interest Income	0	0	0	0	6,783	6,783
Investment Income	21,126	14,035	6,872	0	23,756	65,789
Donations	0	66,877	0	0	8,368	75,245
Opioids Settlement	0	0	0	0	16,168	16,168
Other	281	0	0	0	4,271	4,552
<b>Total Revenues</b>	<b><u>3,484,551</u></b>	<b><u>85,731</u></b>	<b><u>934,749</u></b>	<b><u>840,499</u></b>	<b><u>221,263</u></b>	<b><u>5,566,793</u></b>
<b>Expenditures:</b>						
General Government	842,203	0	0	0	8,107	850,310
Public Safety	991,805	0	0	0	2,436	994,241
Highways and Streets	986,630	0	0	0	28,715	1,015,345
Culture and Recreation	31,230	7,804	0	0	181,887	220,921
Community Development	28,141	0	39	290,499	50,320	368,999
Cemetery	16,436	0	0	0	500	16,936
Capital Outlay:						
General Government	603	0	0	0	18,722	19,325
Public Safety	275	0	0	0	62,375	62,650
Highways and Streets	0	0	0	0	262,815	262,815
Culture and Recreation	0	39,528	0	0	7,825	47,353
Community Development	0	0	927,838	0	0	927,838
Debt Service:						
Principal	0	0	0	0	71,189	71,189
Interest	0	0	0	0	18,665	18,665
<b>Total Expenditures</b>	<b><u>2,897,323</u></b>	<b><u>47,332</u></b>	<b><u>927,877</u></b>	<b><u>290,499</u></b>	<b><u>713,556</u></b>	<b><u>4,876,587</u></b>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<b><u>587,228</u></b>	<b><u>38,399</u></b>	<b><u>6,872</u></b>	<b><u>550,000</u></b>	<b><u>(492,293)</u></b>	<b><u>690,206</u></b>
<b>Other Financing Sources/(Uses):</b>						
Proceeds from Sale of Vehicles	0	0	0	0	15,500	15,500
Proceeds from Sale of Equipment	125	0	0	0	0	125
Transfers In	0	35,000	0	0	862,891	897,891
Transfers Out	(847,891)	0	0	(550,000)	0	(1,397,891)
<b>Total Other Financing Sources/(Uses)</b>	<b><u>(847,766)</u></b>	<b><u>35,000</u></b>	<b><u>0</u></b>	<b><u>(550,000)</u></b>	<b><u>878,391</u></b>	<b><u>(484,375)</u></b>
<b>Net Change in Fund Balances</b>	<b>(260,538)</b>	<b>73,399</b>	<b>6,872</b>	<b>0</b>	<b>386,098</b>	<b>205,831</b>
<b>Fund Balances/(Deficit) - July 1, 2022</b>	<b><u>1,240,041</u></b>	<b><u>924,596</u></b>	<b><u>(201,368)</u></b>	<b><u>0</u></b>	<b><u>1,436,494</u></b>	<b><u>3,399,763</u></b>
<b>Fund Balances/(Deficit) - June 30, 2023</b>	<b><u>\$ 979,503</u></b>	<b><u>\$ 997,995</u></b>	<b><u>\$ (194,496)</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 1,822,592</u></b>	<b><u>\$ 3,605,594</u></b>

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, 2023

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)	\$	205,831
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$1,319,981) is allocated over their estimated useful lives and reported as depreciation expense (\$523,962). This is the amount by which capital outlays exceeded depreciation in the current period.		796,019
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to decrease net position.		(18,410)
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.		45,313
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 (\$71,189) 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.		71,189
The issuance of loans receivable (\$50,000) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$88,338) 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.		(38,338)
Governmental funds report employer pension contributions as expenditures (\$89,808). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$132,520) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(42,712)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net difference in the treatment of these items from the previous year.		26,402
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. This amount is the net difference in the treatment of these items from the previous year.		<u>24,009</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>1,069,303</u></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, 2023

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Current Assets:</b>			
Receivables (Net of Allowance for Uncollectibles)	\$ 65,552	\$ 112,022	\$ 177,574
Due from Other Funds	729,988	132,459	862,447
Inventory	<u>5,350</u>	<u>1,641</u>	<u>6,991</u>
Total Current Assets	<u>800,890</u>	<u>246,122</u>	<u>1,047,012</u>
<b>Noncurrent Assets:</b>			
Land	42,246	38,495	80,741
Construction in Progress	0	1,896,291	1,896,291
Buildings and Building Improvements	73,292	13,457	86,749
Vehicles, Machinery and Equipment	68,134	141,170	209,304
Distribution and Collection Systems	4,170,673	5,922,740	10,093,413
Less: Accumulated Depreciation	<u>(1,109,582)</u>	<u>(4,896,396)</u>	<u>(6,005,978)</u>
Total Noncurrent Assets	<u>3,244,763</u>	<u>3,115,757</u>	<u>6,360,520</u>
Total Assets	<u>4,045,653</u>	<u>3,361,879</u>	<u>7,407,532</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>0</u>	<u>17,759</u>	<u>17,759</u>
Total Deferred Outflows of Resources	<u>0</u>	<u>17,759</u>	<u>17,759</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Accounts Payable	3,085	332,660	335,745
Accrued Payroll and Benefits Payable	0	2,817	2,817
Unearned Revenue	1,856	0	1,856
Accrued Interest Payable	792	633	1,425
General Obligation Bonds Payable - Current Portion	<u>40,510</u>	<u>2,300</u>	<u>42,810</u>
Total Current Liabilities	<u>46,243</u>	<u>338,410</u>	<u>384,653</u>
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	0	1,719	1,719
Net Pension Liability	0	46,520	46,520
General Obligation Bonds Payable - Noncurrent Portion	<u>1,055,543</u>	<u>850,883</u>	<u>1,906,426</u>
Total Noncurrent Liabilities	<u>1,055,543</u>	<u>899,122</u>	<u>1,954,665</u>
Total Liabilities	<u>1,101,786</u>	<u>1,237,532</u>	<u>2,339,318</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>0</u>	<u>7,303</u>	<u>7,303</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>7,303</u>	<u>7,303</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	2,148,710	2,262,574	4,411,284
Unrestricted/(Deficit)	<u>795,157</u>	<u>(127,771)</u>	<u>667,386</u>
Total Net Position	<u>\$ 2,943,867</u>	<u>\$ 2,134,803</u>	<u>\$ 5,078,670</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, 2023

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 267,440	\$ 447,087	\$ 714,527
Penalties and Interest	3,792	6,728	10,520
Other Income	3,007	0	3,007
Total Operating Revenues	<u>274,239</u>	<u>453,815</u>	<u>728,054</u>
Operating Expenses:			
Administration Salaries	72,047	72,047	144,094
Salaries and Benefits	54,782	160,408	215,190
Administrative Charge	10,845	9,477	20,322
Administrative Supplies	1,143	1,209	2,352
Insurances	2,264	4,915	7,179
Town Equipment Charge	5,000	5,000	10,000
Legal/Audit	7,335	7,335	14,670
Communications	2,346	2,636	4,982
Utilities	31,326	54,681	86,007
Repairs and Maintenance	12,547	15,024	27,571
Permits and Testing	4,617	9,118	13,735
Chemicals	0	40,158	40,158
Sludge Disposal	0	502,096	502,096
Depreciation	89,293	73,415	162,708
Other Operating Expenses	1,131	1,726	2,857
Total Operating Expenses	<u>294,676</u>	<u>959,245</u>	<u>1,253,921</u>
Operating Income/(Loss)	<u>(20,437)</u>	<u>(505,430)</u>	<u>(525,867)</u>
Non-Operating Revenues/(Expenses):			
Investment Income	10,932	2,792	13,724
Loss on Disposal of Equipment	(1,250)	(1,250)	(2,500)
Interest Expense	(9,290)	(1,526)	(10,816)
Total Non-Operating Revenues/(Expenses)	<u>392</u>	<u>16</u>	<u>408</u>
Net Income/(Loss) Before Capital Contributions and Transfers	<u>(20,045)</u>	<u>(505,414)</u>	<u>(525,459)</u>
Capital Contributions and Transfers:			
Capital Contributions	0	238,456	238,456
Transfers	0	500,000	500,000
Total Capital Contributions and Transfers	<u>0</u>	<u>738,456</u>	<u>738,456</u>
Change in Net Position	(20,045)	233,042	212,997
Net Position - July 1, 2022	<u>2,963,912</u>	<u>1,901,761</u>	<u>4,865,673</u>
Net Position - June 30, 2023	<u>\$ 2,943,867</u>	<u>\$ 2,134,803</u>	<u>\$ 5,078,670</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, 2023

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 278,151	\$ 468,624	\$ 746,775
Payments for Goods and Services	(62,348)	(631,978)	(694,326)
Payments for Interfund Services	(140,883)	(128,917)	(269,800)
Payments for Wages and Benefits	(1,791)	(110,573)	(112,364)
Net Cash Provided/(Used) by Operating Activities	<u>73,129</u>	<u>(402,844)</u>	<u>(329,715)</u>
Cash Flows From Noncapital Financing Activities:			
Decrease/(Increase) in Due from Other Funds	(34,478)	299,998	265,520
Transfers Received from Other Funds	0	500,000	500,000
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(34,478)</u>	<u>799,998</u>	<u>765,520</u>
Cash Flows From Capital and Related Financing Activities:			
Issuance of Long-term Debt	0	1,010,387	1,010,387
Acquisition and Construction of Capital Assets	0	(1,406,468)	(1,406,468)
Principal Paid on Long-term Debt	(40,293)	(2,300)	(42,593)
Interest Paid on Long-term Debt	(9,290)	(1,565)	(10,855)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(49,583)</u>	<u>(399,946)</u>	<u>(449,529)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	10,932	2,792	13,724
Net Cash Provided by Investing Activities	<u>10,932</u>	<u>2,792</u>	<u>13,724</u>
Net Increase in Cash	0	0	0
Cash - July 1, 2022	0	0	0
Cash - June 30, 2023	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ (20,437)	\$ (505,430)	\$ (525,867)
Depreciation	89,293	73,415	162,708
(Increase)/Decrease in Receivables	10,656	14,809	25,465
(Increase)/Decrease in Inventory	0	1,742	1,742
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	(6,467)	(6,467)
Increase/(Decrease) in Accounts Payable	361	5,178	5,539
Increase/(Decrease) in Accrued Payroll and Benefits Payable	0	374	374
Increase/(Decrease) in Unearned Revenue	(6,744)	0	(6,744)
Increase/(Decrease) in Compensated Absences Payable	0	(1,291)	(1,291)
Increase/(Decrease) in Net Pension Liability	0	22,897	22,897
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	(8,071)	(8,071)
Net Cash Provided/(Used) by Operating Activities	<u>\$ 73,129</u>	<u>\$ (402,844)</u>	<u>\$ (329,715)</u>

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$238,456.

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

There was \$326,122 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2023.

The Water Fund disposed of capital assets with a cost of \$6,000 and accumulated depreciation of \$4,750.

The Sewer Fund disposed of capital assets with a cost of \$6,000 and accumulated depreciation of \$4,750.

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

TOWN OF HARDWICK, VERMONT  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 JUNE 30, 2023

	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, 2023

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>2,671,686</u>
Total Additions	<u>2,671,686</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>2,671,686</u>
Total Deductions	<u>2,671,686</u>
Change in Net Position	0
Net Position - July 1, 2022	<u>0</u>
Net Position - June 30, 2023	<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, 2023

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, 2023

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.

Yellow Barn Fund – This fund accounts for the revenues and expenditures of the Yellow Barn and Accelerator Building Project.

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, 2023

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, 2023

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 – Subscription-Based Information Technology Arrangements**

Effective June 30, 2023, the Town implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, “Leases”, as amended. The Town currently has no subscription-based information technology arrangements applicable to this Statement that are material to the financial statements.

TOWN OF HARDWICK, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**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, 2023

**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, 2023

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 and fiduciary 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, 2023

**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.

**B. Budgeted Deficit**

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$175,000 in order to utilize a portion of the previous year’s surplus. This is reflected as a budgeted deficiency of revenues over expenditures on Schedule 1.

TOWN OF HARDWICK, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2023, expenditures in the General Fund exceeded appropriations by \$140,645. These over-expenditures were funded by available fund balance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town’s cash and investments as of June 30, 2023 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$4,495,267
Cash on Hand	<u>400</u>
Total Cash	4,495,667
Investments:	
Certificates of Deposit	<u>65,023</u>
Total Cash and Investments	<u>\$4,560,690</u>

The Town has five (5) certificates of deposit with various banks ranging from \$1,163 to \$54,340 with interest rates ranging from 0.15% to 4.00%. All certificates of deposit will mature by fiscal year 2025.

**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	\$ 259,317	\$ 259,317
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Boston	<u>4,300,973</u>	<u>4,317,657</u>
Total	<u>\$4,560,290</u>	<u>\$4,576,974</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, 2023

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$4,495,267
Investments – Certificates of Deposit	<u>65,023</u>
Total	<u>\$4,560,290</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, 2023, as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 83,413	\$ 0	\$ 83,413
Penalties and Interest Receivable	8,380	0	8,380
Grants Receivable	14,158	0	14,158
Accounts Receivable	17,295	0	17,295
Billed Services	0	8,705	8,705
Unbilled Services	0	178,869	178,869
Allowance for Doubtful Accounts - Water/Sewer	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>
Total	<u>\$ 123,246</u>	<u>\$ 177,574</u>	<u>\$ 300,820</u>

TOWN OF HARDWICK, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2023

**C. Loans Receivable**

Loans receivable as of June 30, 2023 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, 8 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>170,029</u>
Total	1,582,849
Less: Allowance for Doubtful Loans Receivable	<u>(1,412,820)</u>
Reported Value as of June 30, 2023	\$ <u>170,029</u>

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

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Payments/ Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>\$1,621,187</u>	<u>\$50,000</u>	<u>\$88,338</u>	<u>\$1,582,849</u>

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 272,677	\$ 0	\$ 0	\$ 272,677
Construction in Progress	928,510	1,012,679	0	1,941,189
Total Capital Assets, Not Being Depreciated	<u>1,201,187</u>	<u>1,012,679</u>	<u>0</u>	<u>2,213,866</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,850,317	22,573	0	1,872,890
Vehicles	2,688,013	42,807	137,677	2,593,143
Machinery and Equipment	513,099	182,320	0	695,419
Roads, Bridges and Sidewalks	6,431,003	116,915	13,467	6,534,451
Totals	<u>11,482,432</u>	<u>364,615</u>	<u>151,144</u>	<u>11,695,903</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	643,464	41,033	0	684,497
Vehicles	1,102,784	173,374	110,602	1,165,556
Machinery and Equipment	330,027	36,999	0	367,026
Roads, Bridges and Sidewalks	2,309,367	272,556	10,132	2,571,791
Totals	<u>4,385,642</u>	<u>523,962</u>	<u>120,734</u>	<u>4,788,870</u>
Total Capital Assets, Being Depreciated	<u>7,096,790</u>	<u>(159,347)</u>	<u>30,410</u>	<u>6,907,033</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,297,977</u>	<u>\$ 853,332</u>	<u>\$ 30,410</u>	<u>\$ 9,120,899</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 80,741	\$ 0	\$ 0	\$ 80,741
Construction in Progress	167,553	1,728,738	0	1,896,291
Total Capital Assets, Not Being Depreciated	<u>248,294</u>	<u>1,728,738</u>	<u>0</u>	<u>1,977,032</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	86,749	0	0	86,749
Vehicles, Machinery and Equipment	221,304	0	12,000	209,304
Distribution and Collection Systems	10,093,413	0	0	10,093,413
Totals	<u>10,401,466</u>	<u>0</u>	<u>12,000</u>	<u>10,389,466</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	50,744	3,258	0	54,002
Vehicles, Machinery and Equipment	99,035	13,990	9,500	103,525
Distribution and Collection Systems	5,702,991	145,460	0	5,848,451
Totals	<u>5,852,770</u>	<u>162,708</u>	<u>9,500</u>	<u>6,005,978</u>
Total Capital Assets, Being Depreciated	<u>4,548,696</u>	<u>(162,708)</u>	<u>2,500</u>	<u>4,383,488</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,796,990</u>	<u>\$ 1,566,030</u>	<u>\$ 2,500</u>	<u>\$ 6,360,520</u>

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Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 23,565	Water	\$ 89,293
Public Safety	85,793	Sewer	<u>73,415</u>
Highways and Streets	381,071		
Culture and Recreation	<u>33,533</u>		
Total Depreciation Expense - Governmental Activities	<u>\$ 523,962</u>	Total Depreciation Expense - Business-type Activities	<u>\$ 162,708</u>

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2023 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 3,236,233
Jeudevine Building Fund	1,014,395	0
Yellow Barn Fund	0	195,581
ARPA Fund	14,930	0
Non-Major Governmental Funds	1,540,042	0
Water Fund	729,988	0
Sewer Fund	<u>132,459</u>	<u>0</u>
Total	<u>\$ 3,431,814</u>	<u>\$ 3,431,814</u>

Interfund transfers during the year ended June 30, 2023 were as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Jeudevine Memorial Library Fund	\$ 126,891	Appropriation
General Fund	Conservation Commission Fund	1,500	Appropriation
General Fund	Capital Fund	149,500	Appropriation
General Fund	Capital Roads Fund	305,000	Appropriation
General Fund	Equipment Replacement Fund	265,000	Appropriation
ARPA Fund	Jeudevine Building Fund	35,000	Fund Building Expenditures
ARPA Fund	Conservation Commission Fund	15,000	Fund Natural Resources Inventory Project Expenses
ARPA Fund	Sewer Fund	<u>500,000</u>	Fund Sludge Disposal Expenses
Total		<u>\$ 1,397,891</u>	

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the governmental activities consists of \$72,455 from the difference between the expected and actual experience, \$156,632 from the net difference between the projected and actual investment earnings on pension plan investments and \$49,324 from changes in assumptions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$89,808 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$368,219.

TOWN OF HARDWICK, VERMONT  
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Deferred outflows of resources in the business-type activities and Sewer Fund consists of \$3,494 from the difference between the expected and actual experience, \$7,552 from the net difference between the projected and actual investment earnings on pension plan investments and \$2,378 from changes in assumptions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS) and \$4,335 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities and Sewer Fund is \$17,759.

**G. Unearned Revenue**

Unearned revenue in the governmental activities consists of \$20,938 of grant revenue received in advance.

Unearned revenue in the business-type activities and Water Fund consists of \$1,856 of user fees received in advance.

Unearned revenue in the General Fund consists of \$2,558 of grant revenue received in advance.

Unearned revenue in the Jeudevine Building Fund consists of \$2,500 of grant revenue received in advance.

Unearned revenue in the ARPA Fund consists of \$14,930 of grant revenue received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$950 of grant revenue received in advance.

**H. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental activities consists of \$151,460 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). It also includes \$4,470 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$155,930.

Deferred inflows of resources in the business-type activities and Sewer Fund consists of \$7,303 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).

Deferred inflows of resources in the General Fund consists of \$68,000 of delinquent property taxes, penalties and interest on those taxes and \$1,232 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 \$4,470 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$73,702.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$12,810 of grant revenue not collected within sixty (60) days after year-end and \$170,029 of loans receivable as these would not be available to liquidate current liabilities. Total deferred inflows of resources in the Non-Major Governmental Funds is \$182,839.

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**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.

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, 2023 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	\$213,331	\$ 0	\$26,667	\$186,664



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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
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	\$210,000	\$ 0	\$15,000	\$195,000
Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of \$18,334 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	18,334	256,666
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>22,579</u>	<u>0</u>	<u>11,188</u>	<u>11,391</u>
Total Governmental Activities	<u>\$720,910</u>	<u>\$ 0</u>	<u>\$71,189</u>	<u>\$649,721</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	\$ 827,011	\$ 0	\$ 33,080	\$ 793,931
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	309,335	0	7,213	302,122

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Floating Cover and Lagoon Liner Replacement Project, Authorized to \$3,164,753, but Eligible for \$890,932 Subsidy, Principal and Administrative Fee Payments of \$139,059 Payable on May 1 Annually Beginning May 1, 2025, 0% Interest, 2% Administrative Fee, Due May, 2044. The Town Recognized \$238,456 of the Subsidy During the Year.	\$ 44,452	\$1,010,387	\$238,456	\$ 816,383
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>39,100</u>	<u>0</u>	<u>2,300</u>	<u>36,800</u>
<b>Total Business-type Activities</b>	<b><u>\$1,219,898</u></b>	<b><u>\$1,010,387</u></b>	<b><u>\$281,049</u></b>	<b><u>\$1,949,236</u></b>

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>
<b>Governmental Activities</b>					
General Obligation Bonds Payable	\$ 698,331	\$ 0	\$ 60,001	\$ 638,330	\$ 60,000
Notes Payable	22,579	0	11,188	11,391	11,391
Compensated Absences Payable	76,710	0	23,167	53,543	0
Net Pension Liability	<u>601,331</u>	<u>363,445</u>	<u>0</u>	<u>964,776</u>	<u>0</u>
<b>Total Governmental Activities Long-term Liabilities</b>	<b><u>\$ 1,398,951</u></b>	<b><u>\$ 363,445</u></b>	<b><u>\$ 94,356</u></b>	<b><u>\$ 1,668,040</u></b>	<b><u>\$ 71,391</u></b>
<b>Business-type Activities</b>					
General Obligation Bonds Payable	\$ 1,219,898	\$ 1,010,387	\$ 281,049	\$ 1,949,236	\$ 42,810
Compensated Absences Payable	3,010	0	1,291	1,719	0
Net Pension Liability	<u>23,623</u>	<u>22,897</u>	<u>0</u>	<u>46,520</u>	<u>0</u>
<b>Total Business-type Activities Long-term Liabilities</b>	<b><u>\$ 1,246,531</u></b>	<b><u>\$ 1,033,284</u></b>	<b><u>\$ 282,340</u></b>	<b><u>\$ 1,997,475</u></b>	<b><u>\$ 42,810</u></b>

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
2024	\$ 71,391	\$ 17,175	\$ 42,810	\$ 10,591
2025	60,000	15,491	136,615	55,750
2026	60,000	14,051	138,717	53,553
2027	60,000	12,535	140,862	51,313
2028	60,000	10,947	143,053	49,028
2029-2033	220,000	32,483	653,296	183,368
2034-2038	118,330	6,461	229,912	33,394
2039-2043	0	0	229,158	21,157
2044-2048	0	0	203,565	11,274
2049-2050	0	0	31,248	1,758
Total	\$ <u>649,721</u>	\$ <u>109,143</u>	\$ <u>1,949,236</u>	\$ <u>471,186</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 \$546,041 which is 15% of the 2023 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	\$ 1,012
Nonspendable Inventory	<u>39,139</u>
Total General Fund	<u>40,151</u>

Non-Major Funds

Permanent Funds:

Nonspendable Cemetery Fund Principal	<u>8,861</u>
Total Nonspendable Fund Balances	<u>\$49,012</u>

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

Major Funds

Jeudevine Building Fund:

Restricted for Jeudevine Building Expenditures by Donations (Source of Revenue is Donations)	\$ <u>997,995</u>
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TOWN OF HARDWICK, VERMONT  
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Non-Major Funds

Special Revenue Funds:

Restricted for Restoration of Records by State Statute (Source of Revenue is Recording Fees)	\$ 42,291
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	430,060
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)	4,050
Restricted for Eligible Uses of the Coronavirus Local Fiscal Recovery Funding by Grant Agreement (Source of Revenue is Grant Revenue) – Designated for the Natural Resources Inventory Project	15,000
Restricted for Opioid Crisis Abatement Expenses by Settlement Agreement (Source of Revenue is Opioid Settlement Funds)	<u>14,379</u>
Total Special Revenue Funds	<u>515,353</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)	5,282
Restricted for Recreation Expenditures by Donations (Source of Revenue is Donations)	<u>315</u>
Total Capital Projects Funds	<u>7,347</u>

Permanent Fund:

Restricted for Cemetery Fund by Trust Agreement – Expendable Portion (Source of Revenue is Donations and Sale of Lots)	<u>55,919</u>
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Total Non-Major Funds	<u>578,619</u>
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Total Restricted Fund Balances	<u>\$1,576,614</u>
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The fund balances in the following funds are committed as follows:

Non-Major Funds

Special Revenue Funds:

Committed for Jeudevine Memorial Library Expenses by the Voters	\$ 5,639
Committed for Conservation Commission Expenses by the Voters	<u>2,707</u>
Total Special Revenue Funds	<u>8,346</u>

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Capital Projects Funds:	
Committed for Capital Expenditures by the Voters	\$ 578,724
Committed for Capital Roads Expenditures by the Voters	262,590
Committed for Equipment Replacement Expenditures by the Voters	<u>219,107</u>
Total Capital Projects Funds	<u>1,060,421</u>

Permanent Fund:	
Committed for Cemetery Expenditures by the Voters	<u>8,200</u>
Total Committed Fund Balances	<u>\$1,076,967</u>

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

Major Funds

General Fund:	
Assigned to Reduce Property Taxes in Fiscal Year 2024	\$125,000
Assigned for Pedestrian Bridge Project Expenditures	<u>73,815</u>
Total General Fund	<u>198,815</u>

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	153,145
Capital Projects Funds:	
Assigned for Recreation Capital Expenditures	<u>5,000</u>
Total Non-Major Funds	<u>158,145</u>
Total Assigned Fund Balances	<u>\$356,960</u>

The unassigned deficit of \$194,496 in the Yellow Barn Fund will be potentially funded by New Market Tax Credits received over the next few years from outside investors.

The unrestricted deficit of \$127,771 in the Sewer Fund will be funded by future rate increases and operational surpluses.

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**K. Restricted and Designated Net Position**

The restricted net position of the Town as of June 30, 2023 consisted of the following:

Governmental Activities:

Restricted for Jeudevine Building Expenditures by Donations	\$ 997,995
Restricted for Restoration of Records by State Statute	42,291
Restricted for Community Development by Grant Agreements	600,089
Restricted for Restorative Justice Expenses by Grant Agreements	9,573
Restricted for Fire Department Special Fund Expenses by Donations	4,050
Restricted for Eligible Uses of the Coronavirus Local Fiscal Recovery Funding by Grant Agreement	15,000
Restricted for Opioid Crisis Abatement Expenses by Settlement Agreement	14,379
Restricted for Town House Painting by Donations	1,750
Restricted for Trails Expenditures by Donations	5,282
Restricted for Recreation Expenditures by Donations	315
Restricted for Cemetery Fund by Trust Agreement – Non-Expendable Portion	8,861
Restricted for Cemetery Fund by Trust Agreement – Expendable Portion	<u>55,919</u>
Total Governmental Activities	<u>\$1,755,504</u>

The designated net position of the Town as of June 30, 2023 consisted of the following:

Business-type Activities:

Water Fund:

Designated for Well Replacement	\$152,538
Designated for Water Capital	<u>499,635</u>
Total Water Fund	<u>652,173</u>

Sewer Fund:

Designated for Sewer Capital	21,167
Designations in Excess of Unrestricted Net Position	<u>(21,167)</u>
Total Sewer Fund	<u>0</u>

Total Business-type Activities	<u>\$652,173</u>
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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, 2022, the measurement date selected by the State of Vermont, the retirement system consisted of 359 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, 2022, the measurement date selected by the State of Vermont, VMERS was funded at 73.60% and had a plan fiduciary net position of \$845,979,471 and a total pension liability of \$1,149,351,427 resulting in a net position liability of \$303,371,956. As of June 30, 2023, the Town's proportionate share of this was 0.3334% resulting in a net pension liability of \$1,011,296. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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 0.3334% was a decrease of 0.0912 from its proportion measured as of the prior year.



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For the year ended June 30, 2023, the Town recognized pension expense of \$145,214.

As of June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 75,949	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	164,184	0
Changes in assumptions	51,702	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	0	158,763
Town's required employer contributions made subsequent to the measurement date	94,143	0
	\$ 385,978	\$ 158,763

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$94,143 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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>	
2024	\$ 46,851
2025	29,939
2026	(13,275)
2027	69,557
Total	\$133,072

**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 retirement 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 allowance computed as of date of death. For Group D, 70% of the unreduced accrued benefit plus children's benefit.

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.

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 Contributions – Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions with interest are refunded.

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

Employer Contribution Rates – 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.

Inflation: 2.30% per year.

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.

Cost-of-Living Adjustments: 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2022 COLA was 2.00% for Group A members and 2.30% for Groups B, C and D members. The January 1, 2023 COLA was 2.00% for Group A members and 3.00% for Groups B, C and D members.

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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.

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.

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.

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, 2022 are summarized in the following table:

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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%	4.30%
Active Global Equities	5%	4.30%
Large Cap US Equities	4%	3.25%
Small/Mid Cap US Equities	3%	3.75%
Non-US Developed Market Equities	7%	5.00%
Private Equity	10%	6.50%
Emerging Market Debt	4%	3.50%
Private & Alternate Credit	10%	4.75%
Non-Core Real Estate	4%	6.00%
Core Fixed Income	19%	0.00%
Core Real Estate	3%	3.50%
US TIPS	3%	(0.50)%
Infrastructure/Farmland	4%	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. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022. 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, 2022. 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>
\$1,515,382	\$1,011,296	\$596,664

**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.

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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 2023 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.6365	.6365
Highway	.6899	.6899
Local Agreement	.0101	.0101
Education	<u>1.6831</u>	<u>1.6574</u>
Total	<u>3.0196</u>	<u>2.9939</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. The Library has chosen to reinvest the annual distributions. The Jeudevine Memorial Library Building Fund was closed during fiscal year 2017. 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 balance of the Endowment Fund at June 30, 2023 is \$36,326.

**E. Commitment**

After several years of planning, construction of the newly redesigned “Hardwick Yellow Barn Business Accelerator” (HYBBA) project broke ground in late Summer, 2023 and is slated to be completed in 2024. The project initially went out to bid in the Fall of 2022 and with the post-covid supply chain and labor challenges, a winning bid was not selected. After the HYBBA 2.0 redesign, which reduced the building size and fit-up cost, a successful bid was awarded to Wright and Morrissey, a South Burlington construction firm. The Town entered into a lease agreement for the Yellow Barn property to the Northeast Kingdom Development Corporation (NEKDC), a non-profit entity to further economic development projects in the region. While the Town will continue to own the property, NEKDC will manage the facility and tenants. The Town intends to lease the property to non-profit NEKDC for \$1 per year. NEKDC finalized the New Market Tax Credit (NMTC) process near the end of fiscal year 2023, which was required to begin the construction. The HYBBA project is supported by State, Federal and non-profit grants. Once completed, three anchor tenants, Jasper Hill, Center for an Agricultural Economy (CAE), and Cabot, will complete interior fit-up and occupy the space. The project has an approximate cost of \$8,300,000 and will be financed from several sources, including grants, loans, and improvements made by some of the tenants. The Town 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. After the NMTC closing, all loans were issued to NEKDC, and the Town will have no further financial exposure to the project other than the \$225,000 already spent.

**F. 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.

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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.

**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, 2023 was \$25,494.

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, 2023 was \$21,610.

**H. Subsequent Events**

On August 10, 2023, the Town approved a loan agreement with the Vermont Municipal Bond Bank in the amount of \$1,050,000, of which \$550,000 will be used towards the Jeudevine Library expansion project and \$500,000 will be used for the purchase of a gravel pit. The Jeudevine Library expansion project portion of the bond requires annual principal payments of \$27,500 beginning November 1, 2024 and ending November 1, 2043 with an interest rate of 5.0%. The gravel pit purchase portion of the bond requires annual principal payments of \$25,000 beginning November 1, 2024 and ending November 1, 2043 with an interest rate of 5.0%.

On September 7, 2023, the Town approved a loan agreement with the State of Vermont Special Environmental Revolving Fund for the purpose of completing a service line inventory in the amount of \$61,300 and eligible for 100% forgiveness.

On September 22, 2023, the Town approved a loan agreement with Union Bank for the purchase of highway equipment in the amount of \$432,000 with an interest rate of 5.39% and a maturity date of September 22, 2033.



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BUDGET AND ACTUAL  
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,561,431	\$ 2,549,365	\$ (12,066)
School Tax Administration Fee	6,500	6,461	(39)
PILOT	160,668	140,398	(20,270)
Current Use	173,016	174,020	1,004
Delinquent Late Charges	27,000	18,421	(8,579)
Tax Sale Interest	600	548	(52)
Zoning Permits	3,000	4,255	1,255
Licenses and Fees	3,000	3,558	558
Recording Fees	26,000	19,930	(6,070)
Dog Licenses	2,000	2,566	566
DMV Fees	500	348	(152)
State Aid to Highways	149,254	153,290	4,036
Grant-in-Aid Grant Income	0	17,500	17,500
West Woodbury Revenue	0	3,000	3,000
Copying Fees	6,000	11,870	5,870
COPS Grant Income	20,000	21,516	1,516
Hardwick PD Ticket Revenue	8,500	13,988	5,488
PD Outside Services Revenues	500	448	(52)
Investment Income	7,000	20,578	13,578
Miscellaneous	500	281	(219)
Water Charges	140,883	140,883	0
Sewer Charges	128,917	128,917	0
Fireworks Donations	1,000	0	(1,000)
Room Rent	100	50	(50)
Police Department - Vest Grant Income	800	1,028	228
Government Highway Safety Grant Income	2,000	16,675	14,675
VAST Patrol Grant Income	0	6,961	6,961
VLCT Grant Income	0	7,458	7,458
Municipal Planning Grant Income	0	19,838	19,838
Greenup Day Grant Income	400	400	0
Proceeds from Sale of Equipment	0	125	125
<b>Total Revenues</b>	<b>3,429,569</b>	<b>3,484,676</b>	<b>55,107</b>
Expenditures:			
Office Expenses:			
Town Manager's Office Payroll	192,430	204,497	(12,067)
Town Clerk's Office Payroll	95,602	95,965	(363)
Social Security Expense	20,162	23,637	(3,475)
Worker's Compensation	1,200	744	456
Unemployment Insurance	850	631	219
VLCT/PACIF	1,850	2,415	(565)
Health Insurance	112,589	105,754	6,835
Dental/Vision/Life/Disability Insurances	6,169	6,587	(418)
Retirement Expense	19,442	19,831	(389)

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Office Expenses/(Cont'd):			
Town Manager's Office Supplies	\$ 5,000	\$ 5,504	\$ (504)
Town Clerk's Office Supplies	3,500	4,161	(661)
Town Report Expense	2,300	3,062	(762)
Conferences/Dues/Mileage	500	1,285	(785)
Tax Billing/Collection Expense	1,500	1,534	(34)
Telephone	3,500	3,539	(39)
Advertising	1,000	2,274	(1,274)
Election Expense	1,000	440	560
Computer Software/Services	5,750	10,771	(5,021)
Equipment Purchases	2,500	3,611	(1,111)
Lister Supplies	2,500	2,078	422
Education/Training	500	299	201
Zoning Supplies	2,000	2,870	(870)
VCF Downtown Grant Expenses	0	15,088	(15,088)
VLCT Grant Expenses	0	3,580	(3,580)
Municipal Planning Grant Expenses	0	4,750	(4,750)
	<u>481,844</u>	<u>524,907</u>	<u>(43,063)</u>
Total Office Expenses			
Payroll (Part-time and Elected):			
Public Official's Liability	3,500	3,330	170
Election Officials	500	0	500
Zoning Administrator	26,000	26,275	(275)
Planning/DRB Board	2,400	2,725	(325)
Board of Civil Authority	25	60	(35)
Moderator	50	50	0
Selectboard	5,000	5,000	0
Energy Coordinator	50	50	0
Solid Waste Representative	150	150	0
TEC - Conference Fees	100	150	(50)
Town Service Officer	50	50	0
Part-time Labor	500	0	500
Health Officer	600	600	0
Town Website Coordinator	600	600	0
Community Development Coordinator	22,000	28,141	(6,141)
Social Security Expense	3,482	2,795	687
	<u>65,007</u>	<u>69,976</u>	<u>(4,969)</u>
Total Payroll (Part-time and Elected)			

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	Budget	Actual	Variance Favorable/ (Unfavorable)
Memorial Building:			
Custodial Services Expense	\$ 9,800	\$ 9,339	\$ 461
Custodial Social Security Expense	702	645	57
VLCT/PACIF	2,600	2,828	(228)
Operating Expenses/Supplies	3,000	3,920	(920)
Building Repairs/Maintenance	2,000	5,134	(3,134)
Utilities	5,100	4,856	244
Fuel Oil	9,000	10,196	(1,196)
Elevator/Fire Alarm	2,000	2,286	(286)
Generator	200	0	200
Total Memorial Building	<u>34,402</u>	<u>39,204</u>	<u>(4,802)</u>
Public Safety Building:			
VLCT/PACIF	2,800	3,136	(336)
Operating Supplies	1,000	1,462	(462)
Building Repairs/Maintenance	1,500	1,925	(425)
Utilities	2,800	2,755	45
Fuel Oil	4,500	5,357	(857)
Custodial Services Expense	5,500	6,009	(509)
Custodial Social Security Expense	385	460	(75)
Total Public Safety Building	<u>18,485</u>	<u>21,104</u>	<u>(2,619)</u>
Fire Station:			
VLCT/PACIF	2,500	2,782	(282)
Utilities	2,600	2,356	244
Fuel Oil	6,000	6,565	(565)
Building Repairs/Maintenance	1,000	139	861
Total Fire Station	<u>12,100</u>	<u>11,842</u>	<u>258</u>
Town House:			
VLCT/PACIF	1,550	1,674	(124)
Building Repairs/Maintenance	500	2,297	(1,797)
Utilities	300	306	(6)
Total Town House	<u>2,350</u>	<u>4,277</u>	<u>(1,927)</u>
Historical Depot:			
VLCT/PACIF	175	159	16
Building Repairs/Maintenance	400	127	273
Total Historical Depot	<u>575</u>	<u>286</u>	<u>289</u>

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BUDGET AND ACTUAL  
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	Budget	Actual	Variance Favorable/ (Unfavorable)
Carey Rd. Property:			
VLCT/PACIF	\$ 135	\$ 227	\$ (92)
Total Carey Rd. Property	<u>135</u>	<u>227</u>	<u>(92)</u>
Yellow Barn:			
VLCT/PACIF	150	154	(4)
Building Repairs/Maintenance	0	1,731	(1,731)
Utilities	<u>200</u>	<u>400</u>	<u>(200)</u>
Total Yellow Barn	<u>350</u>	<u>2,285</u>	<u>(1,935)</u>
Police Department:			
Police Department Payroll	438,124	401,864	36,260
Overtime	50,338	35,080	15,258
Part-time Officers	20,000	91,831	(71,831)
Social Security Expense	35,592	40,781	(5,189)
Worker's Compensation	34,500	39,176	(4,676)
Unemployment Insurance	1,200	799	401
VLCT/PACIF	16,900	20,167	(3,267)
Health Insurance	54,181	36,218	17,963
Dental/Vision/Life/Disability Insurances	1,704	2,699	(995)
Retirement Expense	56,662	45,404	11,258
Operating Supplies	7,000	5,937	1,063
Training	5,000	2,263	2,737
Memberships	500	0	500
Legal Expenses	1,000	4,269	(3,269)
Internet Communication	3,500	2,611	889
Dispatch Services	28,332	28,332	0
Telephone	3,500	3,552	(52)
Vehicle Repairs and Maintenance	6,500	6,979	(479)
Advertising	400	0	400
Radio Service	700	1,063	(363)
Investigation Expense	1,000	0	1,000
Uniforms - Cleaning	750	1,485	(735)
Uniforms - Purchases	4,500	4,256	244
Gasoline	11,000	12,710	(1,710)
Tires	3,000	201	2,799
Education	500	1,350	(850)
Equipment	6,500	2,832	3,668
Government Highway Safety Grant Expenses	2,000	9,791	(7,791)
COPS Grant Expenses	30,000	37,202	(7,202)
SIU Grant Expenses	0	780	(780)
VLCT Grant Expenses	0	4,876	(4,876)
Vest Grant Expenses	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Police Department	<u>825,883</u>	<u>844,508</u>	<u>(18,625)</u>

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REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department:			
Labor	\$ 7,500	\$ 6,075	\$ 1,425
Social Security	500	448	52
Worker's Compensation	1,350	1,219	131
Liability Insurance	3,500	4,031	(531)
Operating Supplies	2,000	1,898	102
Dispatch Services	12,142	12,142	0
Phone/Internet	1,500	1,163	337
Gasoline	100	0	100
Diesel Fuel	500	1,612	(1,112)
Equipment Purchases	8,000	6,573	1,427
Equipment Repairs	3,500	8,201	(4,701)
Training	250	0	250
<b>Total Fire Department</b>	<b>40,842</b>	<b>43,362</b>	<b>(2,520)</b>
Highway Department:			
Public Works Payroll	310,798	313,644	(2,846)
Overtime	29,000	25,121	3,879
Sewer Operator	500	335	165
Social Security Expense	23,786	23,665	121
Worker's Compensation	21,500	19,785	1,715
Unemployment Insurance	650	485	165
VLCT/PACIF	10,800	12,402	(1,602)
Health Insurance	131,011	115,725	15,286
Dental/Vision/Life/Disability Insurances	8,434	8,232	202
Retirement Expense	22,936	23,164	(228)
Operating Supplies	19,000	16,460	2,540
Permits/Fees	5,000	2,779	2,221
Telephone/Internet	1,500	1,337	163
Culverts	4,000	3,740	260
Grant-in-Aid Grant Expenses	0	6,120	(6,120)
Uniforms	6,000	7,029	(1,029)
Line Painting/Crosswalks	1,500	19	1,481
Road Signs	1,000	551	449
Streetscape Maintenance	1,000	2,851	(1,851)
Storm Drains	1,000	2,986	(1,986)
Safety/Training	1,500	7,152	(5,652)
Building Repairs/Maintenance	1,500	228	1,272
Equipment Repairs/Maintenance	30,000	63,273	(33,273)
Equipment Expense	30,000	9,018	20,982
Gasoline	3,000	4,121	(1,121)
Diesel Fuel	45,000	69,984	(24,984)

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department/(Cont'd):			
Heating Fuel - Garage	\$ 5,500	\$ 4,420	\$ 1,080
Utilities - Garage	4,500	3,890	610
Gravel	60,000	69,142	(9,142)
Ditch Stone	5,000	199	4,801
Hydroseeding	2,500	0	2,500
Mud Season Material	6,000	881	5,119
Chloride	20,000	23,404	(3,404)
East Hardwick Sidewalks	600	600	0
Contract Mowing	5,500	4,950	550
Paving/Patching	4,000	1,824	2,176
Brush Cutting	20,000	15,510	4,490
Downtown Beauty	1,000	892	108
Street Sweeping	4,500	4,000	500
Winter Sand	29,000	22,644	6,356
Salt	85,000	94,068	(9,068)
Total Highway Department	<u>963,515</u>	<u>986,630</u>	<u>(23,115)</u>
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	2,500	2,500	0
North Country Animal League	2,100	2,100	0
Northeast Kingdom Arts Council	3,500	3,500	0
Greensboro Nursing Home	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 Care Center	1,500	1,500	0
Hardwick Area Food Pantry	2,500	2,500	0
Northeast Kingdom Council on Aging	4,500	4,500	0
Total Appropriations	<u>39,761</u>	<u>39,761</u>	<u>0</u>

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Other Expenses:			
Auditing	\$ 15,000	\$ 14,670	\$ 330
Fireworks	4,000	3,000	1,000
Animal Control	3,000	2,722	278
Professional Services	6,000	15,960	(9,960)
Lister Professional Services	42,000	39,600	2,400
NVDA	2,258	2,258	0
VLCT	4,778	4,778	0
Jeudevine Memorial Library	126,891	126,891	0
Memorial Day	500	553	(53)
Caspian Lake	3,300	3,300	0
Cemeteries	18,000	16,436	1,564
Equipment Replacement Fund	190,000	190,000	0
Capital Roads Fund	305,000	305,000	0
Capital Fund	149,500	149,500	0
Equipment Replacement Fund - Fire	75,000	75,000	0
Tax Mapping	4,000	3,900	100
Solid Waste District	2,956	2,920	36
Streetlights	22,500	22,730	(230)
Memorial Park Electricity	150	157	(7)
Employment Practices Insurance	5,500	5,466	34
Community Crime Insurance	1,400	1,095	305
Town Service Officer Expense	500	541	(41)
Hazard Mitigation Fund	5,000	0	5,000
Cyber Security	1,500	15,035	(13,535)
Tax Sale Expense	1,000	3,338	(2,338)
Conservation Commission	1,500	1,500	0
Restricted Donation Expense	0	25	(25)
Equity Committee	2,500	2,016	484
County Taxes	23,200	23,603	(403)
Rescue Squad	71,264	71,264	0
Pedestrian Bridge Planning Expenses	0	26,210	(26,210)
	<u>1,088,197</u>	<u>1,129,468</u>	<u>(41,271)</u>
Total Other Expenses	<u>1,088,197</u>	<u>1,129,468</u>	<u>(41,271)</u>

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Department:			
Recreation Coordinator Payroll	\$ 5,200	\$ 4,370	\$ 830
Social Security	364	334	30
Worker's Compensation	250	152	98
Unemployment Insurance	60	30	30
VLCT/PACIF	100	69	31
Youth Programs	9,801	4,780	5,021
Mileage	100	0	100
Community Programming	5,000	6,107	(1,107)
Supplies and Advertising	500	0	500
Maintenance	1,000	2,803	(1,803)
	22,375	18,645	3,730
Total Recreation Department			
Trails Department:			
Salaries	4,003	2,723	1,280
Social Security	320	209	111
Trail Repair and Construction	800	218	582
Equipment Repair and Maintenance	1,000	1,275	(275)
Gas, Oil, Diesel	700	461	239
Publicity/Advertising/Signage and Maps	400	491	(91)
Programs and Activities	1,000	1,889	(889)
Worker's Compensation	185	177	8
Unemployment Insurance	40	30	10
VLCT/PACIF	300	1,259	(959)
	8,748	8,732	16
Total Trails Department			
Total Expenditures			
	3,604,569	3,745,214	(140,645)
Excess/(Deficiency) of Revenues Over Expenditures			
	\$ <u>(175,000)</u>	(260,538)	\$ <u>(85,538)</u>
Fund Balance - July 1, 2022			
		1,240,041	
Fund Balance - June 30, 2023			
		\$ 979,503	

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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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 303,371,956	\$ 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	0.3334%	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	\$ 1,011,296	\$ 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	\$ 1,015,074
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	91.6526%	50.8906%	90.3114%	66.0533%	57.6193%	53.4959%	61.7472%	39.1145%	4.8649%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.60%	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.

Changes in Plan Provisions: At the November 17, 2020 Board meeting, the Board voted unanimously to authorize employer contribution rate increases of 0.50% each year for a period of four years, beginning July 1, 2022. In 2022, the Legislature passed H.740, which effectively split the Board-authorized increases evenly between members and employers by including an increase in the employee rate of 0.25% for each group for four years, beginning July 1, 2022.

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

TOWN OF HARDWICK, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 94,143	\$ 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>94,143</u>	<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>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 1,204,434	\$ 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	7.816%	7.559%	7.687%	7.399%	7.315%	7.174%	7.211%	7.292%	7.092%

**Notes to Schedule**

Valuation Date: June 30, 2022

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

TOWN OF HARDWICK, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
<u>ASSETS</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash	\$ 226,065	\$ 0	\$ 0	\$ 226,065
Investments	0	0	65,023	65,023
Receivables	193	12,810	0	13,003
Loans Receivable (Net of Allowance for Uncollectibles)	170,029	0	0	170,029
Due from Other Funds	<u>454,160</u>	<u>1,077,625</u>	<u>8,257</u>	<u>1,540,042</u>
Total Assets	<u>\$ 850,447</u>	<u>\$ 1,090,435</u>	<u>\$ 73,280</u>	<u>\$ 2,014,162</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 860	\$ 4,857	\$ 300	\$ 6,017
Accrued Payroll and Benefits Payable	1,764	0	0	1,764
Unearned Revenue	<u>950</u>	<u>0</u>	<u>0</u>	<u>950</u>
Total Liabilities	<u>3,574</u>	<u>4,857</u>	<u>300</u>	<u>8,731</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	0	12,810	0	12,810
Unavailable Loans Receivable	<u>170,029</u>	<u>0</u>	<u>0</u>	<u>170,029</u>
Total Deferred Inflows of Resources	<u>170,029</u>	<u>12,810</u>	<u>0</u>	<u>182,839</u>
 <u>FUND BALANCES</u>				
Nonspendable	0	0	8,861	8,861
Restricted	515,353	7,347	55,919	578,619
Committed	8,346	1,060,421	8,200	1,076,967
Assigned	<u>153,145</u>	<u>5,000</u>	<u>0</u>	<u>158,145</u>
Total Fund Balances	<u>676,844</u>	<u>1,072,768</u>	<u>72,980</u>	<u>1,822,592</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 850,447</u>	<u>\$ 1,090,435</u>	<u>\$ 73,280</u>	<u>\$ 2,014,162</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, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
Revenues:				
Intergovernmental	\$ 21,142	\$ 45,097	\$ 0	\$ 66,239
Charges for Services	0	0	200	200
Permits, Licenses and Fees	7,140	0	0	7,140
Loan Repayments	88,338	0	0	88,338
Loan Interest Income	6,783	0	0	6,783
Investment Income	8,313	15,135	308	23,756
Donations	1,460	6,908	0	8,368
Opioids Settlement	16,168	0	0	16,168
Other	4,271	0	0	4,271
<b>Total Revenues</b>	<b>153,615</b>	<b>67,140</b>	<b>508</b>	<b>221,263</b>
Expenditures:				
General Government	1,987	6,120	0	8,107
Public Safety	0	2,436	0	2,436
Highways and Streets	0	28,715	0	28,715
Culture and Recreation	144,618	37,269	0	181,887
Community Development	50,320	0	0	50,320
Cemetery	0	0	500	500
Capital Outlay:				
General Government	0	18,722	0	18,722
Public Safety	0	62,375	0	62,375
Highways and Streets	0	262,815	0	262,815
Culture and Recreation	0	7,825	0	7,825
Debt Service:				
Principal	0	71,189	0	71,189
Interest	0	18,665	0	18,665
<b>Total Expenditures</b>	<b>196,925</b>	<b>516,131</b>	<b>500</b>	<b>713,556</b>
Excess/(Deficiency) of Revenues Over Expenditures	(43,310)	(448,991)	8	(492,293)
Other Financing Sources:				
Proceeds from Sale of Vehicles	0	15,500	0	15,500
Transfers In	143,391	719,500	0	862,891
<b>Total Other Financing Sources</b>	<b>143,391</b>	<b>735,000</b>	<b>0</b>	<b>878,391</b>
Net Change in Fund Balances	100,081	286,009	8	386,098
Fund Balances - July 1, 2022	576,763	786,759	72,972	1,436,494
Fund Balances - June 30, 2023	<u>\$ 676,844</u>	<u>\$ 1,072,768</u>	<u>\$ 72,980</u>	<u>\$ 1,822,592</u>

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TOWN OF HARDWICK, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2023

	Reappraisal Fund	Restoration Fund	Revolving Loan Fund	Restorative Justice Fund	Fire Department Special Fund	Jeudevine Memorial Library Fund	Conservation Commission Fund	Opioids Settlement Fund	Total
<b>ASSETS</b>									
Cash	\$ 0	\$ 0	\$ 226,065	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 226,065
Receivables	0	0	0	0	0	193	0	0	193
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	170,029	0	0	0	0	0	170,029
Due from Other Funds	<u>153,145</u>	<u>42,291</u>	<u>203,995</u>	<u>9,573</u>	<u>4,050</u>	<u>9,020</u>	<u>17,707</u>	<u>14,379</u>	<u>454,160</u>
Total Assets	<u>\$ 153,145</u>	<u>\$ 42,291</u>	<u>\$ 600,089</u>	<u>\$ 9,573</u>	<u>\$ 4,050</u>	<u>\$ 9,213</u>	<u>\$ 17,707</u>	<u>\$ 14,379</u>	<u>\$ 850,447</u>
<b>LIABILITIES</b>									
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 860	\$ 0	\$ 0	\$ 860
Accrued Payroll and Benefits Payable	0	0	0	0	0	1,764	0	0	1,764
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>950</u>	<u>0</u>	<u>0</u>	<u>950</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,574</u>	<u>0</u>	<u>0</u>	<u>3,574</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable Loans Receivable	<u>0</u>	<u>0</u>	<u>170,029</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>170,029</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>170,029</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>170,029</u>
<b>FUND BALANCES</b>									
Restricted	0	42,291	430,060	9,573	4,050	0	15,000	14,379	515,353
Committed	0	0	0	0	0	5,639	2,707	0	8,346
Assigned	<u>153,145</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>153,145</u>
Total Fund Balances	<u>153,145</u>	<u>42,291</u>	<u>430,060</u>	<u>9,573</u>	<u>4,050</u>	<u>5,639</u>	<u>17,707</u>	<u>14,379</u>	<u>676,844</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 153,145</u>	<u>\$ 42,291</u>	<u>\$ 600,089</u>	<u>\$ 9,573</u>	<u>\$ 4,050</u>	<u>\$ 9,213</u>	<u>\$ 17,707</u>	<u>\$ 14,379</u>	<u>\$ 850,447</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, 2023

	Reappraisal Fund	Restoration Fund	Revolving Loan Fund	Restorative Justice Fund	Fire Department Special Fund	Jeudevine Memorial Library Fund	Conservation Commission Fund	Opioids Settlement Fund	Total
<b>Revenues:</b>									
Intergovernmental	\$ 14,554	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,588	\$ 0	\$ 0	\$ 21,142
Permits, Licenses and Fees	0	7,140	0	0	0	0	0	0	7,140
Loan Repayments	0	0	88,338	0	0	0	0	0	88,338
Loan Interest Income	0	0	6,783	0	0	0	0	0	6,783
Investment Income	2,120	519	5,090	0	55	386	143	0	8,313
Donations	0	0	0	0	1,160	300	0	0	1,460
Opioids Settlement	0	0	0	0	0	0	0	16,168	16,168
Other	0	0	0	0	0	4,271	0	0	4,271
<b>Total Revenues</b>	<b>16,674</b>	<b>7,659</b>	<b>100,211</b>	<b>0</b>	<b>1,215</b>	<b>11,545</b>	<b>143</b>	<b>16,168</b>	<b>153,615</b>
<b>Expenditures:</b>									
General Government	0	0	0	0	0	0	198	1,789	1,987
Culture and Recreation	0	0	0	0	0	144,618	0	0	144,618
Community Development	0	0	50,320	0	0	0	0	0	50,320
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>50,320</b>	<b>0</b>	<b>0</b>	<b>144,618</b>	<b>198</b>	<b>1,789</b>	<b>196,925</b>
Excess/(Deficiency) of Revenues Over Expenditures	16,674	7,659	49,891	0	1,215	(133,073)	(55)	14,379	(43,310)
<b>Other Financing Sources:</b>									
Transfers In	0	0	0	0	0	126,891	16,500	0	143,391
<b>Total Other Financing Sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>126,891</b>	<b>16,500</b>	<b>0</b>	<b>143,391</b>
<b>Net Change in Fund Balances</b>	<b>16,674</b>	<b>7,659</b>	<b>49,891</b>	<b>0</b>	<b>1,215</b>	<b>(6,182)</b>	<b>16,445</b>	<b>14,379</b>	<b>100,081</b>
Fund Balances - July 1, 2022	136,471	34,632	380,169	9,573	2,835	11,821	1,262	0	576,763
<b>Fund Balances - June 30, 2023</b>	<b>\$ 153,145</b>	<b>\$ 42,291</b>	<b>\$ 430,060</b>	<b>\$ 9,573</b>	<b>\$ 4,050</b>	<b>\$ 5,639</b>	<b>\$ 17,707</b>	<b>\$ 14,379</b>	<b>\$ 676,844</b>

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TOWN OF HARDWICK, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2023

	Capital Fund	Capital Roads Fund	Equipment Replacement Fund	Total
<u>ASSETS</u>				
Receivables	\$ 12,810	\$ 0	\$ 0	\$ 12,810
Due from Other Funds	<u>595,928</u>	<u>262,590</u>	<u>219,107</u>	<u>1,077,625</u>
Total Assets	<u>\$ 608,738</u>	<u>\$ 262,590</u>	<u>\$ 219,107</u>	<u>\$ 1,090,435</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ <u>4,857</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>4,857</u>
Total Liabilities	<u>4,857</u>	<u>0</u>	<u>0</u>	<u>4,857</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Grants	<u>12,810</u>	<u>0</u>	<u>0</u>	<u>12,810</u>
Total Deferred Inflows of Resources	<u>12,810</u>	<u>0</u>	<u>0</u>	<u>12,810</u>
<u>FUND BALANCES</u>				
Restricted	7,347	0	0	7,347
Committed	578,724	262,590	219,107	1,060,421
Assigned	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
Total Fund Balances	<u>591,071</u>	<u>262,590</u>	<u>219,107</u>	<u>1,072,768</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 608,738</u>	<u>\$ 262,590</u>	<u>\$ 219,107</u>	<u>\$ 1,090,435</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, 2023

	Capital Fund	Capital Roads Fund	Equipment Replacement Fund	Total
<b>Revenues:</b>				
Intergovernmental	\$ 37,097	\$ 0	\$ 8,000	\$ 45,097
Investment Income	8,411	2,579	4,145	15,135
Donations	<u>6,908</u>	<u>0</u>	<u>0</u>	<u>6,908</u>
<b>Total Revenues</b>	<u>52,416</u>	<u>2,579</u>	<u>12,145</u>	<u>67,140</u>
<b>Expenditures:</b>				
General Government	6,120	0	0	6,120
Public Safety	2,436	0	0	2,436
Highways and Streets	26,077	2,638	0	28,715
Culture and Recreation	37,269	0	0	37,269
<b>Capital Outlay:</b>				
General Government	18,722	0	0	18,722
Public Safety	7,690	0	54,685	62,375
Highways and Streets	0	116,915	145,900	262,815
Culture and Recreation	7,825	0	0	7,825
<b>Debt Service:</b>				
Principal	0	15,000	56,189	71,189
Interest	<u>0</u>	<u>6,961</u>	<u>11,704</u>	<u>18,665</u>
<b>Total Expenditures</b>	<u>106,139</u>	<u>141,514</u>	<u>268,478</u>	<u>516,131</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(53,723)</u>	<u>(138,935)</u>	<u>(256,333)</u>	<u>(448,991)</u>
<b>Other Financing Sources:</b>				
Proceeds from Sale of Vehicles	0	0	15,500	15,500
Transfers In	<u>149,500</u>	<u>305,000</u>	<u>265,000</u>	<u>719,500</u>
<b>Total Other Financing Sources</b>	<u>149,500</u>	<u>305,000</u>	<u>280,500</u>	<u>735,000</u>
<b>Net Change in Fund Balances</b>	95,777	166,065	24,167	286,009
Fund Balances - July 1, 2022	<u>495,294</u>	<u>96,525</u>	<u>194,940</u>	<u>786,759</u>
Fund Balances - June 30, 2023	<u>\$ 591,071</u>	<u>\$ 262,590</u>	<u>\$ 219,107</u>	<u>\$ 1,072,768</u>

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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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Base Revenue	\$ 190,044	\$ 187,866	\$ (2,178)
Water Usage Revenue	104,000	79,074	(24,926)
Penalties and Interest	5,500	3,792	(1,708)
Investment Income	300	0	(300)
Water Connection Fees	1,000	500	(500)
Miscellaneous Revenue	0	3,007	3,007
<b>Total Revenues</b>	<b>300,844</b>	<b>274,239</b>	<b>(26,605)</b>
Expenses:			
Administration Salaries	72,047	72,047	0
Public Works Salaries	52,992	52,992	0
East Hardwick Fire District Operator	0	450	(450)
Sewer Operator Salaries and Benefits	1,500	1,340	160
VLCT/PACIF	1,500	2,264	(764)
Administrative Supplies	2,500	1,143	1,357
Training and Safety	750	831	(81)
Legal/Audit	8,000	7,335	665
Professional Services	300	300	0
Utilities	30,500	30,703	(203)
Line Maintenance	5,000	4,821	179
Reservoir Maintenance	500	0	500
Administrative Charge	10,845	10,845	0
Pumphouse Maintenance	5,000	2,025	2,975
Town Equipment Charge	5,000	5,000	0
Hydrants	500	602	(102)
Generators	500	0	500
Communications	2,000	2,346	(346)
Depreciation Expense	100	0	100
Water Testing	2,000	850	1,150
Chlorination	500	0	500
Permit Fees	3,500	3,767	(267)
Minor Repair and Maintenance	500	359	141
Truck Repair and Maintenance	750	129	621
Gasoline	500	623	(123)
Debt Principal - Bridgman Hill Reservoir	7,215	7,213	2
Debt Interest/Admin - Bridgman Hill Reservoir	9,290	9,290	0
Debt Service - Water Meters	33,100	33,080	20
Capital Account Transfer	47,000	47,000	0
<b>Total Expenses</b>	<b>303,889</b>	<b>297,355</b>	<b>6,534</b>
<b>Net Income/(Loss)</b>	<b>\$ (3,045)</b>	<b>(23,116)</b>	<b>\$ (20,071)</b>

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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, 2023

	<u>Actual</u>
Adjustments to Reconcile to GAAP Basis Statements:	
Depreciation	\$ (89,293)
Loss on Disposal of Equipment	(1,250)
Principal Payments on Long-term Debt	40,293
Well Replacement Account Income	1,516
Capital Account Income	9,416
Capital Account Expenses	(4,611)
Capital Account Transfer In	<u>47,000</u>
Change in Net Position - Exhibit G	<u>\$ (20,045)</u>

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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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Sewer Base Revenue	\$ 331,412	\$ 328,084	\$ (3,328)
Sewer Usage Revenue	136,500	119,003	(17,497)
Penalties and Interest	8,000	6,728	(1,272)
Investment Income	500	0	(500)
Sewer Connection Fees	1,000	0	(1,000)
Transfers In	1,500	1,675	175
<b>Total Revenues</b>	<b>478,912</b>	<b>455,490</b>	<b>(23,422)</b>
<b>Expenses:</b>			
Administration Salaries	72,047	72,047	0
Public Works Salaries	42,393	42,393	0
Sewer Operator Salary	55,765	54,473	1,292
Assistant Sewer Operator Salary	1,200	3,561	(2,361)
Sewer Operator Overtime	9,500	13,407	(3,907)
Health Insurance	23,625	24,966	(1,341)
Dental, Vision, Life/Disability Insurance	1,700	1,561	139
Retirement	4,405	4,500	(95)
Social Security	4,569	4,867	(298)
Worker's Compensation	4,500	3,906	594
Unemployment Insurance	120	90	30
VLCT/PACIF	6,000	4,915	1,085
Administrative Supplies	2,500	1,209	1,291
Uniforms	1,100	1,096	4
Training	500	21	479
Safety Supplies	1,000	309	691
Legal/Audit	8,000	7,335	665
Phone and Internet	2,000	2,636	(636)
Electricity - Plant	33,500	45,808	(12,308)
Electricity - Lift Station	3,500	3,031	469
Fuel Oil	6,000	3,932	2,068
Alarms	900	1,141	(241)
Lab Operations	8,000	6,385	1,615
Process Chemicals	26,000	40,158	(14,158)
Lift Station Maintenance	2,000	782	1,218
Sewer Line Maintenance	4,000	2,689	1,311
Sewer Line Cleaning	5,000	5,715	(715)
Grit Disposal	500	0	500
Plant Maintenance	5,000	5,709	(709)
Debt Service - Mill Street Bond	2,000	3,865	(1,865)
Administrative Charge	9,477	9,477	0
Town Equipment Charge	5,000	5,000	0
Professional Services	500	300	200

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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, 2023

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Licenses and Fees	\$ 1,200	\$ 2,733	\$ (1,533)
Truck/Equipment Maintenance	500	129	371
Gasoline/Diesel	500	547	(47)
Water Charge	350	222	128
Capital Account Transfer	130,000	130,000	0
Total Expenses	484,851	510,915	(26,064)
Net Income/(Loss)	\$ (5,939)	(55,425)	\$ (49,486)
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(73,415)	
Loss on Disposal of Equipment		(1,250)	
Principal Payments on Long-term Debt		2,300	
Debt Forgiveness		238,456	
Change in Accrued Interest Payable		39	
Change in Net Pension Liability - GASB 68		(8,359)	
Capital Account Income		2,792	
Capital Account Expenses		(502,096)	
Capital Account Transfer In		630,000	
Change in Net Position - Exhibit G		\$ 233,042	

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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, 2023, 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 December 28, 2023. 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.

*Sullivan, Powers & Co.*

December 28, 2023  
Montpelier, Vermont  
VT Lic. #92-000180