

**TOWN OF HARDWICK, VERMONT**

**AUDIT REPORT AND REPORTS ON  
COMPLIANCE AND INTERNAL CONTROL**

**JUNE 30, 2024**

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## Independent Auditor's Report

Selectboard  
Town of Hardwick, Vermont  
P.O. Box 523  
Hardwick, VT 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, 2024, 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
Capital 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 previously 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, 2024, 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, Capital Fund, Water Fund, Sewer Fund, and Aggregate Remaining Fund Information*

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, the Jeudevine Building Fund, the Yellow Barn Fund, the ARPA Fund, the Capital Fund, the Water Fund, the Sewer Fund, and the aggregate remaining fund information of the Town of Hardwick, Vermont, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 Business-type Activities and Electric Fund*

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 Principle***

As described in Note I.F. to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. Our opinion is not modified with respect to this matter.

### ***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 a 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 6 through 13, 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 is the responsibility of management and, 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.

***Supplemental 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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



***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 for 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 March 21, 2025, on our consideration of the Town of Hardwick, Vermont’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.*

March 21, 2025  
Montpelier, Vermont  
VT Lic. #92-000180

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024. Please keep in mind that this discussion and our financial statements do not include Hardwick Electric Department, which is a wholly owned Town utility. Hardwick Electric is on a calendar year rather than the fiscal year used by the Town. Their financial statements can be obtained directly from them 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, 2024, resulting in a net position of \$27,622,537. This is an increase of \$11,019,277 over the previous year.
- In Exhibit A, Governmental Activities' net position of \$21,428,124 represents an increase of \$9,903,534 over last year.
- In Exhibit A, \$6,194,413 of the net position represents water and sewer fund activities (business funds). This demonstrates an increase of \$1,115,743 over the previous year.
- In Exhibit A, \$895,420 of the net position is restricted for specific sources such as culture and recreation, community development, and cemetery perpetual care. This is a decrease from FY 2023 of \$860,084.
- In Exhibit A, \$1,593,173 of Governmental Activities' net position are unrestricted and may be used for future obligations. This is an increase of \$295,265 from June 30, 2023.
- In Exhibit A, \$1,202,746 Business-type Activities' Net Position are Unrestricted and may be used to meet the Town's future water and sewer obligations. This is an increase of \$535,360 from June 30, 2023.

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

- In Exhibit D, the fund balances of governmental funds decreased by \$851,453 from the previous year. The decrease can be attributed to the Jeudevine Building Fund using their funds for construction.
- In Exhibit D, the General Fund balance decreased by \$240,046 from June 30, 2023. The General Fund balance at the end of FY 2024 was \$739,457.
- In Exhibit D, the Jeudevine Building Fund balance decreased by \$980,915 in FY 2024. The total amount in the fund at year end was \$17,080. These are funds earmarked for the library addition and renovation. The decrease was a result of using the funds for construction which began in 2023.
- In Exhibit D, the Non-Major Governmental Funds increased by \$359,065 in FY 2024. The total amount in those funds at year end was \$1,590,586. This was due to funds received from the cemetery associations and an appropriation to the capital roads fund with no spending during the year.

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

- In Exhibit F, the Water Fund ended the fiscal year with a net position balance of \$2,935,450, which represented a decrease of \$8,417. \$2,113,054 represents the Town's net investment in capital assets. The cash balance due from the General Account at year end was \$748,014 which was an increase of \$18,016. A total of \$822,396 of net position is unrestricted with \$164,538 set aside for well replacement, \$549,863 set aside for water capital projects, and the remaining \$107,995 available for operations.
- In Exhibit F, the Sewer Fund ended the fiscal year with a net position balance of \$3,258,963, an increase of \$1,124,160 from the previous year. \$2,878,613 represents the Town's net investment in capital assets. This increase was primarily due to the upgrades being made to the wastewater treatment facility. The cash balance due from the General Account at year end was \$413,731 which was an increase of \$281,272. There was \$445,862 of net position that had been designated for sewer capital projects, which was \$65,512 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 them 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.)

### 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.

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

**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	
	FY2024	FY2023	FY 2024	FY 2023	FY 2024	FY 2023
Current and Other Assets	\$ 5,044,640	\$ 4,031,669	\$ 1,635,871	\$ 1,047,012	\$ 6,680,511	\$ 5,078,681
Capital Assets	20,999,860	9,120,899	8,116,566	6,360,520	29,116,426	15,481,419
Total Assets	<u>26,044,500</u>	<u>13,152,568</u>	<u>9,752,437</u>	<u>7,407,532</u>	<u>35,796,937</u>	<u>20,560,100</u>
Deferred Outflows of Resources	<u>330,919</u>	<u>368,219</u>	<u>17,052</u>	<u>17,759</u>	<u>347,971</u>	<u>385,978</u>
Current Liabilities	1,667,093	172,227	389,158	341,843	2,056,251	514,070
Long-Term Liabilities	<u>3,169,634</u>	<u>1,668,040</u>	<u>3,180,333</u>	<u>1,997,475</u>	<u>6,349,967</u>	<u>3,665,515</u>
Total Liabilities	<u>4,836,727</u>	<u>1,840,267</u>	<u>3,569,491</u>	<u>2,339,318</u>	<u>8,406,218</u>	<u>4,179,585</u>
Deferred Inflows of Resources	<u>110,568</u>	<u>155,930</u>	<u>5,585</u>	<u>7,303</u>	<u>116,153</u>	<u>163,233</u>
Net Position						
Net Investment in						
Capital Assets	18,939,531	8,471,178	4,991,667	4,411,284	23,931,198	12,882,462
Restricted	895,420	1,755,504	0	0	895,420	1,755,504
Unrestricted	<u>1,593,173</u>	<u>1,297,908</u>	<u>1,202,746</u>	<u>667,386</u>	<u>2,795,919</u>	<u>1,965,294</u>
Total Net Position	<u>\$ 21,428,124</u>	<u>\$ 11,524,590</u>	<u>\$ 6,194,413</u>	<u>\$ 5,078,670</u>	<u>\$ 27,622,537</u>	<u>\$ 16,603,260</u>

As stated in Exhibit A, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the end of fiscal year 2024. This is an increase of \$11,019,277 from the previous year. This means the financial strength of the Town increased by that amount during the year.

**TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

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 (\$895,420) is restricted to future use, such as for revolving loans and cemetery expenses. The remaining net position (\$2,795,919) 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 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2023
<b>REVENUES</b>						
Charges for Service	\$ 82,949	\$ 84,868	\$ 736,217	\$ 728,054	\$ 819,166	\$ 812,922
Operating Grants and Contributions	1,992,766	316,625	9,174	0	2,001,940	316,625
Capital Grants and Contributions	9,643,529	1,071,104	972,720	238,456	10,616,249	1,309,560
Property Taxes	2,740,532	2,568,365	0	0	2,740,532	2,568,365
Payments in Lieu of Taxes	204,949	140,398	0	0	204,949	140,398
Penalty and Interest on Delinquent Accounts	22,617	18,421	0	0	22,617	18,421
General State Grants	176,485	174,020	0	0	176,485	174,020
ARPA Funds	14,930	840,499	0	0	14,930	840,499
Unrestricted Investment Earnings	110,941	65,789	26,051	13,724	136,992	79,513
Insurance Proceeds	101,206	0	963,474	0	1,064,680	0
Other Revenues	1,676	281	0	0	1,676	281
Proceeds from Sale of Vehicles	0	925	0	0	0	925
Proceeds from Sale of Equipment	395	125	0	0	395	125
Transfer from Hardwick Cemetery	88,210	0	0	0	88,210	0
Transfer from Fairview Cemetery	28,819	0	0	0	28,819	0
Transfers:	0	\$ (500,000)	0	500,000	0	0
<b>Total Revenues</b>	<u>15,210,004</u>	<u>4,781,420</u>	<u>2,707,636</u>	<u>1,480,234</u>	<u>17,917,640</u>	<u>6,261,654</u>
<b>EXPENDITURES</b>						
General Government	1,962,692	724,518	0	0	1,962,692	724,518
Public Safety	1,139,635	1,082,981	0	0	1,139,635	1,082,981
Highways and Streets	1,791,651	1,301,379	0	0	1,791,651	1,301,379
Culture and Recreation	271,218	249,481	0	0	271,218	249,481
Community Development	36,068	318,999	0	0	36,068	318,999
Cemetery	31,563	16,936	0	0	31,563	16,936
Interest on Long-Term Debt	73,643	17,823	0	0	73,643	17,823
Water	0	0	327,907	305,216	327,907	305,216
Sewer	0	0	1,263,986	962,021	1,263,986	962,021
<b>Total Expenditures</b>	<u>5,306,470</u>	<u>3,712,117</u>	<u>1,591,893</u>	<u>1,267,237</u>	<u>6,898,363</u>	<u>4,979,354</u>
Changes in Net Position	9,903,534	1,069,303	1,115,743	212,997	11,019,277	1,282,300
Net Position - Beginning 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>
Net Position - End of Year	<u>\$ 21,428,124</u>	<u>\$ 11,524,590</u>	<u>\$ 6,194,413</u>	<u>\$ 5,078,670</u>	<u>\$ 27,622,537</u>	<u>\$ 16,603,260</u>

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

**Governmental activities (Exhibit B):** Governmental activities increased the Town's net position by \$9,903,534 in FY 2024. 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 \$1,115,743.

The Water Fund had an operational loss of \$27,278 and a decrease in net position of \$8,417. This was primarily due to depreciation expense.

The Sewer Fund had an operational loss of \$13,098 and an increase in net position of \$1,124,160. The operating loss was primarily due to depreciation expense. The increase in net position was due to receiving insurance proceeds from the flood damage and capital contributions.

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

#### **The General Fund**

The General Fund balance decreased by \$240,046 during FY 2024. The total fund balance at year end was \$739,457. Of that amount, \$28,357 is non-spendable inventory and prepaid items. The Town had voted to use \$125,000 of the fund balance for FY24 to offset any tax rate increase. Revenues for FY 2024 were higher than FY 2023 by \$399,366. The Town was \$362,193 over budget in revenues, primarily due to insurance proceeds, payment in lieu of tax revenue, investment income, FEMA reimbursement and the local economic impact grant from the State of Vermont.

Expenditures were \$403,449 over budget. The July 2023 flood was the primary reason our expenditures were over budget. There were a few areas such as health insurance and equipment maintenance that were over budget as well. Since the existing fund balance is about 18% of the FY25 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 \$17,080. These funds are for the addition/renovation of the Jeudevine Memorial Library. In FY 2024, the Building Fund took in roughly \$489,000 made up of grant proceeds, bond proceeds, private donations, and interest earnings. The construction was active during the year, spending most of what was taken in, as well as money carried over from the prior year.

#### **Yellow Barn Fund**

As shown on Exhibit D, the Yellow Barn Fund reports a negative balance because the Town's Economic Development Fund gave a \$200,000 loan to the project for the purchase. This money will be paid back to the Loan Fund (with interest) through new market tax credits at the completion of the project.

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

### ARPA Fund

The last of the ARPA funds were spent in FY2024. One remaining disbursement to the Downtown Partnership was paid out and the balance was infused into the budget to cover general expenses. This fund will become a non-major fund in subsequent years as it has a zero balance now.

### Capital Assets

The Town of Hardwick's net investment in capital assets for its governmental and business-type activities as of June 30, 2024, totaled \$18,939,531 and \$4,991,667 respectively, (net of Accumulated Depreciation and Related Debt). This is an increase of \$10,468,353 over last year for governmental activities and an increase of \$580,383 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:

- Upgrades to the Jeudevine Building
- Renovations to the Hardwick Yellow Barn
- A new Caterpillar Grader (Highway Dept.)
- A new Caterpillar Loader (Highway Dept.)
- A new F-550 ton truck (Highway Dept.)
- A new UTV (Fire Dept.)

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

- Substantial completion of the Wastewater Treatment Facility upgrade project (small punch list of items to finish in FY25 for 100% completion)
- Purchase of a Ford Ranger to replace 2023 flood damaged truck (shared by water/sewer dept.)

### Debt Administration

As of June 30, 2024, the governmental activities of the Town of Hardwick were carrying five bonds and one note payable for the following:

- A fire truck purchase (2014) with an outstanding debt balance of \$159,997
- A fire truck purchase (2021) with an outstanding debt balance of \$238,332
- Mackville Road Improvements with an outstanding debt balance of \$180,000
- Library Expansion Bond with an outstanding debt balance of \$550,000
- Gravel Pit Purchase Bond with an outstanding debt balance of \$500,000
- Loader and Grader purchase with an outstanding debt balance of \$432,000

The **Water Fund** has two outstanding bonds and one 100% forgivable note through the Drinking Water State Revolving Fund. One bond is through the State Special Environmental Revolving Loan Fund and was for the new reservoir and installation of meters and the outstanding balance is \$760,851. 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 is financed over 30 years at a 1.00% interest rate. The principal balance at year end was \$295,023. The 100% forgivable note is to complete the required lead service inventory for all of our water connections. We used \$9,174 of the funds, and the entire balance will be forgiven.

TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

The **Sewer Fund** has two bonds outstanding. One bond is through the USDA and was used to fund sewer line improvements on Mill Street. The outstanding balance as of June 30, 2024, was \$34,500. The second bond is through the Clean Water State Revolving Loan Fund for upgrading the wastewater treatment facility. The total outstanding is \$2,034,525 at year end. The final bond amount after subsidies and remaining disbursements will be \$2,275,000. Planning costs were subsidized at 50% and the construction will be subsidized at about 40% of the total project cost.

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

At the close of FY 2024, the Town had used \$240,046 of the General Fund fund balance. The Town had anticipated using \$125,000. 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 90% of the work from the flood. The fund balance is currently \$739,457 or about 18% of the FY 2025 Town budget. It is generally accepted that the fund balance should be 15% of the municipal budget. The Town fund balance policy says the *goal* is 20%. The fund balance serves as a reserve to help the Town through significant budget shortfalls or through natural or human triggered disasters.

The FY 2025 budget that was approved by the voters is \$4,018,083 (excluding appropriations) which was an increase of 7.55% from FY 2024 (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 2025 budget, the Select Board proposed to the voters using \$50,000 of the existing fund balance to offset the tax rate, which was approved at the 2024 Town meeting.

In the Summer of 2024, the Town experienced another flooding event. Once again, the Town's financial position allowed the Town to make the necessary repairs without borrowing any money. The Town also started to receive reimbursements from the 2023 event in the first part of FY 2025, just before the second flooding event.

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 Judevine Library expansion (close to completion), and the Hardwick Yellow Barn Business Accelerator (HYBBA) project. Significant progress was made on each of these projects in FY24 and continued into FY25.

The Yellow Barn project was nearly complete as of December 2024. The Cabot store in the restored barn has been open for several months and the tenants in the new building next to the barn are working on fit-up of their new spaces. The Center for an Agricultural Economy will begin using its new Food Hub at the Yellow Barn in early 2025 and Jasper Hill Farm will move into the other half of the building shortly thereafter. All combined, the tenants in the Yellow Barn project will bring twenty-five new or saved jobs to Hardwick.



TOWN OF HARDWICK, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024

Looking ahead, we will continue to place major emphasis on building climate resiliency not only with our large infrastructure projects but with our bridges and road repairs. The challenges brought by a second year of flooding further reinforced the need for fortifying stormwater systems and public and private properties along the river through our downtown and beyond. We are committed to implementing measures that will help us withstand extreme weather events.

The next few years will be filled with a number of projects, including replacing bridges damaged by the floods, hazard mitigation projects, flood resiliency, as well as hopefully relocating the fire station and wastewater treatment facility to protect them from future flooding events.

**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, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 4,097,866	\$ 0	\$ 4,097,866
Investments	65,566	0	65,566
Receivables (Net of Allowance for Uncollectibles)	1,837,372	461,064	2,298,436
Loans Receivable (Net of Allowance for Uncollectibles)	177,170	0	177,170
Internal Balances	(1,161,745)	1,161,745	0
Prepaid Expenses	1,066	0	1,066
Inventory	27,345	13,062	40,407
Capital Assets:			
Land	272,677	80,741	353,418
Construction in Progress	13,266,506	3,788,393	17,054,899
Other Capital Assets, (Net of Accumulated Depreciation)	<u>7,460,677</u>	<u>4,247,432</u>	<u>11,708,109</u>
Total Assets	<u>26,044,500</u>	<u>9,752,437</u>	<u>35,796,937</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	<u>330,919</u>	<u>17,052</u>	<u>347,971</u>
Total Deferred Outflows of Resources	<u>330,919</u>	<u>17,052</u>	<u>347,971</u>
<u>LIABILITIES</u>			
Accounts Payable	1,544,027	383,127	1,927,154
Accrued Payroll and Benefits Payable	52,821	1,965	54,786
Unearned Revenue	43,329	2,679	46,008
Accrued Interest Payable	26,916	1,387	28,303
Noncurrent Liabilities:			
Due within One Year	146,207	136,615	282,822
Due in More than One Year	<u>3,023,427</u>	<u>3,043,718</u>	<u>6,067,145</u>
Total Liabilities	<u>4,836,727</u>	<u>3,569,491</u>	<u>8,406,218</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	2,165	0	2,165
Deferred Inflows of Resources Related to the Town's Participation in VMERS	<u>108,403</u>	<u>5,585</u>	<u>113,988</u>
Total Deferred Inflows of Resources	<u>110,568</u>	<u>5,585</u>	<u>116,153</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	18,939,531	4,991,667	23,931,198
Restricted:			
Non-Expendable:			
Cemetery	122,029	0	122,029
Expendable:			
Community Development	611,050	0	611,050
Cemetery	58,348	0	58,348
Other	103,993	0	103,993
Unrestricted	<u>1,593,173</u>	<u>1,202,746</u>	<u>2,795,919</u>
Total Net Position	<u>\$ 21,428,124</u>	<u>\$ 6,194,413</u>	<u>\$ 27,622,537</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, 2024

	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	\$ 1,962,692	\$ 46,867	\$ 1,190,256	\$ 10,000	\$ (715,569)	\$ 0	\$ (715,569)
Public Safety	1,139,635	18,257	42,564	6,213	(1,072,601)	0	(1,072,601)
Highways and Streets	1,791,651	6,000	698,683	0	(1,086,968)	0	(1,086,968)
Culture and Recreation	271,218	3,870	47,079	455,753	235,484	0	235,484
Community Development	36,068	5,455	14,184	9,171,563	9,155,134	0	9,155,134
Cemetery	31,563	2,500	0	0	(29,063)	0	(29,063)
Interest on Long-term Debt	73,643	0	0	0	(73,643)	0	(73,643)
<b>Total Governmental Activities</b>	<b>5,306,470</b>	<b>82,949</b>	<b>1,992,766</b>	<b>9,643,529</b>	<b>6,412,774</b>	<b>0</b>	<b>6,412,774</b>
<b>Business-type Activities:</b>							
Water	327,907	273,857	9,174	0	0	(44,876)	(44,876)
Sewer	1,263,986	462,360	0	972,720	0	171,094	171,094
<b>Total Business-type Activities</b>	<b>1,591,893</b>	<b>736,217</b>	<b>9,174</b>	<b>972,720</b>	<b>0</b>	<b>126,218</b>	<b>126,218</b>
<b>Total Primary Government</b>	<b>\$ 6,898,363</b>	<b>\$ 819,166</b>	<b>\$ 2,001,940</b>	<b>\$ 10,616,249</b>	<b>6,412,774</b>	<b>126,218</b>	<b>6,538,992</b>
<b>General Revenues:</b>							
Property Taxes					2,740,532	0	2,740,532
Penalties and Interest on Delinquent Taxes					22,617	0	22,617
Payments in Lieu of Taxes					204,949	0	204,949
General State Grants					176,485	0	176,485
ARPA Funds					14,930	0	14,930
Unrestricted Investment Earnings					110,941	26,051	136,992
Insurance Proceeds					101,206	963,474	1,064,680
Gain on Sale of Equipment					395	0	395
Transfer from Fairview Cemetery Association					28,819	0	28,819
Transfer from Hardwick Cemetery Association					88,210	0	88,210
Other Revenues					1,676	0	1,676
<b>Total General Revenues</b>					<b>3,490,760</b>	<b>989,525</b>	<b>4,480,285</b>
<b>Change in Net Position</b>					<b>9,903,534</b>	<b>1,115,743</b>	<b>11,019,277</b>
<b>Net Position - July 1, 2023</b>					<b>11,524,590</b>	<b>5,078,670</b>	<b>16,603,260</b>
<b>Net Position - June 30, 2024</b>					<b>\$ 21,428,124</b>	<b>\$ 6,194,413</b>	<b>\$ 27,622,537</b>

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

TOWN OF HARDWICK, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

	General Fund	Jeudevine Building Fund	Yellow Barn Fund	ARPA Fund	Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash	\$ 3,867,915	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,951	\$ 4,097,866
Investments	0	0	0	0	0	65,566	65,566
Receivables	616,117	155,925	1,005,742	0	59,304	284	1,837,372
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	0	177,170	177,170
Due from Other Funds	0	148,056	0	0	639,755	1,324,117	2,111,928
Prepaid Items	1,012	0	0	0	0	54	1,066
Inventory	27,345	0	0	0	0	0	27,345
<b>Total Assets</b>	<b>\$ 4,512,389</b>	<b>\$ 303,981</b>	<b>\$ 1,005,742</b>	<b>\$ 0</b>	<b>\$ 699,059</b>	<b>\$ 1,797,142</b>	<b>\$ 8,318,313</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 115,322	\$ 286,901	\$ 1,071,489	\$ 0	\$ 59,186	\$ 11,129	\$ 1,544,027
Accrued Payroll and Benefits Payable	50,893	0	0	0	0	1,928	52,821
Due to Other Funds	3,144,924	0	128,749	0	0	0	3,273,673
Unearned Revenue	0	0	0	0	27,000	16,329	43,329
<b>Total Liabilities</b>	<b>3,311,139</b>	<b>286,901</b>	<b>1,200,238</b>	<b>0</b>	<b>86,186</b>	<b>29,386</b>	<b>4,913,850</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Prepaid Property Taxes	2,165	0	0	0	0	0	2,165
Unavailable Property Taxes, Penalties and Interest	84,000	0	0	0	0	0	84,000
Unavailable Grants	375,628	0	0	0	11,359	0	386,987
Unavailable Loans Receivable	0	0	0	0	0	177,170	177,170
<b>Total Deferred Inflows of Resources</b>	<b>461,793</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,359</b>	<b>177,170</b>	<b>650,322</b>
<b>FUND BALANCES/(DEFICIT)</b>							
Nonspendable	28,357	0	0	0	0	122,083	150,440
Restricted	0	17,080	0	0	2,155	576,986	596,221
Committed	0	0	0	0	599,359	732,014	1,331,373
Assigned	50,000	0	0	0	0	159,503	209,503
Unassigned/(Deficit)	661,100	0	(194,496)	0	0	0	466,604
<b>Total Fund Balances/(Deficit)</b>	<b>739,457</b>	<b>17,080</b>	<b>(194,496)</b>	<b>0</b>	<b>601,514</b>	<b>1,590,586</b>	<b>2,754,141</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,512,389</b>	<b>\$ 303,981</b>	<b>\$ 1,005,742</b>	<b>\$ 0</b>	<b>\$ 699,059</b>	<b>\$ 1,797,142</b>	
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.							20,999,860
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.							648,157
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.							(3,196,550)
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.							222,516
Net Position of Governmental Activities							<b>\$ 21,428,124</b>

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, 2024

	General Fund	Jeudevine Building Fund	Yellow Barn Fund	ARPA Fund	Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property Taxes	\$ 2,724,532	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,724,532
Penalties and Interest on Delinquent Taxes	22,617	0	0	0	0	0	22,617
Intergovernmental	756,724	229,925	5,183,094	14,930	1,189,642	16,351	7,390,666
Charges for Services	290,994	0	0	0	0	2,500	293,494
Permits, Licenses and Fees	34,451	0	0	0	0	5,544	39,995
Fines and Forfeits	10,356	0	0	0	0	0	10,356
Loan Repayments	0	0	0	0	0	63,859	63,859
Loan Interest Income	0	0	0	0	0	5,320	5,320
Investment Income	42,567	19,372	0	0	17,651	31,351	110,941
Donations	0	240,178	0	0	19,611	6,606	266,395
Opioids Settlement	0	0	0	0	0	14,184	14,184
Other	1,676	0	0	0	0	4,005	5,681
<b>Total Revenues</b>	<b>3,883,917</b>	<b>489,475</b>	<b>5,183,094</b>	<b>14,930</b>	<b>1,226,904</b>	<b>149,720</b>	<b>10,948,040</b>
<b>Expenditures:</b>							
General Government	859,880	0	0	0	1,180,560	29,304	2,069,744
Public Safety	1,009,821	0	0	0	2,810	85	1,012,716
Highways and Streets	1,477,158	0	0	0	2,846	0	1,480,004
Culture and Recreation	27,411	22,679	0	0	30,278	145,900	226,268
Community Development	28,504	0	0	5,000	0	73,564	107,068
Cemetery	26,563	0	0	0	0	5,000	31,563
Capital Outlay:							
General Government	88,738	0	0	0	82,253	0	170,991
Public Safety	5,180	0	0	0	32,143	32,389	69,712
Highways and Streets	0	0	0	0	500,000	532,470	1,032,470
Culture and Recreation	0	1,997,711	0	0	0	0	1,997,711
Community Development	0	0	5,183,094	0	0	0	5,183,094
Debt Service:							
Principal	71,392	0	0	0	0	0	71,392
Interest	32,424	0	0	0	16,996	0	49,420
<b>Total Expenditures</b>	<b>3,627,071</b>	<b>2,020,390</b>	<b>5,183,094</b>	<b>5,000</b>	<b>1,847,886</b>	<b>818,712</b>	<b>13,502,153</b>
Excess/(Deficiency) of Revenues Over Expenditures	256,846	(1,530,915)	0	9,930	(620,982)	(668,992)	(2,554,113)
<b>Other Financing Sources/(Uses):</b>							
Insurance Proceeds	101,206	0	0	0	0	0	101,206
Issuance of Long-term Debt	0	550,000	0	0	500,000	432,000	1,482,000
Proceeds from Sale of Equipment	0	0	0	0	2,425	0	2,425
Transfer from Fairview Cemetery Association	0	0	0	0	0	28,819	28,819
Transfer from Hardwick Cemetery Association	0	0	0	0	0	88,210	88,210
Transfers In	9,930	0	0	0	129,000	479,028	617,958
Transfers Out	(608,028)	0	0	(9,930)	0	0	(617,958)
<b>Total Other Financing Sources/(Uses)</b>	<b>(496,892)</b>	<b>550,000</b>	<b>0</b>	<b>(9,930)</b>	<b>631,425</b>	<b>1,028,057</b>	<b>1,702,660</b>
<b>Net Change in Fund Balances</b>	<b>(240,046)</b>	<b>(980,915)</b>	<b>0</b>	<b>0</b>	<b>10,443</b>	<b>359,065</b>	<b>(851,453)</b>
Fund Balances/(Deficit) - July 1, 2023, As Previously Presented	979,503	997,995	(194,496)	0	0	1,822,592	3,605,594
Change within Financial Reporting Entity (Non-Major to Major)	0	0	0	0	591,071	(591,071)	0
Fund Balances/(Deficit) - July 1, 2023, As Adjusted	979,503	997,995	(194,496)	0	591,071	1,231,521	3,605,594
Fund Balances/(Deficit) - June 30, 2024	\$ 739,457	\$ 17,080	\$ (194,496)	\$ 0	\$ 601,514	\$ 1,590,586	\$ 2,754,141

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, 2024

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)	\$ (851,453)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$8,453,978) is allocated over their estimated useful lives and reported as depreciation expense (\$561,456). This is the amount by which capital outlays exceeded depreciation in the current period.	7,892,522
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to decrease net position.	(2,030)
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.	3,988,469
The issuance of long-term debt (\$1,482,000) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$71,392) 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.	(1,410,608)
The issuance of loans receivable (\$71,000) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$63,859) 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.	7,141
Governmental funds report employer pension contributions as expenditures (\$99,250). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$171,220) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.	(71,970)
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.	388,945
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>(37,482)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 9,903,534</u></u>

The General Fund charges the Water Fund and Sewer Fund for administrative expenses. These charges totaling \$270,221 have been eliminated from the Governmental Activities on the Statement of Activities.

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

TOWN OF HARDWICK, VERMONT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Current Assets:</b>			
Receivables (Net of Allowance for Uncollectibles)	\$ 74,454	\$ 386,610	\$ 461,064
Due from Other Funds	748,014	413,731	1,161,745
Inventory	<u>5,350</u>	<u>7,712</u>	<u>13,062</u>
Total Current Assets	<u>827,818</u>	<u>808,053</u>	<u>1,635,871</u>
<b>Noncurrent Assets:</b>			
Land	42,246	38,495	80,741
Construction in Progress	0	3,788,393	3,788,393
Buildings and Building Improvements	73,292	13,457	86,749
Vehicles, Machinery and Equipment	74,939	147,975	222,914
Distribution and Collection Systems	4,170,673	5,922,740	10,093,413
Less: Accumulated Depreciation	<u>(1,192,222)</u>	<u>(4,963,422)</u>	<u>(6,155,644)</u>
Total Noncurrent Assets	<u>3,168,928</u>	<u>4,947,638</u>	<u>8,116,566</u>
Total Assets	<u>3,996,746</u>	<u>5,755,691</u>	<u>9,752,437</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>17,052</u>	<u>17,052</u>
Total Deferred Outflows of Resources	<u>0</u>	<u>17,052</u>	<u>17,052</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Accounts Payable	1,951	381,176	383,127
Accrued Payroll and Benefits Payable	0	1,965	1,965
Unearned Revenue	2,679	0	2,679
Accrued Interest Payable	792	595	1,387
General Obligation Bonds Payable - Current Portion	<u>40,732</u>	<u>95,883</u>	<u>136,615</u>
Total Current Liabilities	<u>46,154</u>	<u>479,619</u>	<u>525,773</u>
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	0	1,719	1,719
Net Pension Liability	0	53,715	53,715
General Obligation Bonds Payable - Noncurrent Portion	<u>1,015,142</u>	<u>1,973,142</u>	<u>2,988,284</u>
Total Noncurrent Liabilities	<u>1,015,142</u>	<u>2,028,576</u>	<u>3,043,718</u>
Total Liabilities	<u>1,061,296</u>	<u>2,508,195</u>	<u>3,569,491</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>5,585</u>	<u>5,585</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>5,585</u>	<u>5,585</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	2,113,054	2,878,613	4,991,667
Unrestricted	<u>822,396</u>	<u>380,350</u>	<u>1,202,746</u>
Total Net Position	<u>\$ 2,935,450</u>	<u>\$ 3,258,963</u>	<u>\$ 6,194,413</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, 2024

	Water Fund	Sewer Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating Revenues:			
Charges for Services	\$ 269,055	\$ 456,099	\$ 725,154
Penalties and Interest	3,962	6,261	10,223
Other Income	<u>840</u>	<u>0</u>	<u>840</u>
Total Operating Revenues	<u>273,857</u>	<u>462,360</u>	<u>736,217</u>
Operating Expenses:			
Administration Salaries	69,312	69,312	138,624
Salaries and Benefits	60,336	176,212	236,548
Administrative Charge	11,624	10,251	21,875
Administrative Supplies	1,807	1,850	3,657
Insurances	2,677	5,912	8,589
Town Equipment Charge	2,000	2,000	4,000
Legal/Audit	9,945	10,185	20,130
Communications	2,577	2,663	5,240
Utilities	32,176	45,390	77,566
Repairs and Maintenance	12,091	13,455	25,546
Permits and Testing	5,394	6,283	11,677
Chemicals	0	56,939	56,939
Depreciation	87,271	71,016	158,287
Other Operating Expenses	<u>3,925</u>	<u>3,990</u>	<u>7,915</u>
Total Operating Expenses	<u>301,135</u>	<u>475,458</u>	<u>776,593</u>
Operating Income/(Loss)	<u>(27,278)</u>	<u>(13,098)</u>	<u>(40,376)</u>
Non-Operating Revenues/(Expenses):			
Debt Forgiveness	9,174	0	9,174
Insurance Proceeds	14,747	948,727	963,474
Service Line Inventory Expenses	(9,842)	0	(9,842)
Wastewater Treatment Facility Relocation Study Expenses	0	(20,258)	(20,258)
Flood Damage Expenses	0	(758,670)	(758,670)
Loss on Disposal of Equipment	(7,526)	(8,167)	(15,693)
Investment Income	21,712	4,339	26,051
Interest Expense	<u>(9,404)</u>	<u>(1,433)</u>	<u>(10,837)</u>
Total Non-Operating Revenues/(Expenses)	<u>18,861</u>	<u>164,538</u>	<u>183,399</u>
Net Income/(Loss) Before Capital Contributions	<u>(8,417)</u>	<u>151,440</u>	<u>143,023</u>
Capital Contributions	<u>0</u>	<u>972,720</u>	<u>972,720</u>
Change in Net Position	(8,417)	1,124,160	1,115,743
Net Position - July 1, 2023	<u>2,943,867</u>	<u>2,134,803</u>	<u>5,078,670</u>
Net Position - June 30, 2024	<u>\$ 2,935,450</u>	<u>\$ 3,258,963</u>	<u>\$ 6,194,413</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, 2024

	Water Fund	Sewer Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 265,778	\$ 450,074	\$ 715,852
Payments for Goods and Services	(72,394)	(157,157)	(229,551)
Payments for Interfund Services	(141,671)	(128,550)	(270,221)
Payments for Wages and Benefits	(1,601)	(123,893)	(125,494)
<b>Net Cash Provided by Operating Activities</b>	<b>50,112</b>	<b>40,474</b>	<b>90,586</b>
<b>Cash Flows From Noncapital Financing Activities:</b>			
Issuance of Long-term Debt	9,174	0	9,174
Insurance Proceeds	0	933,980	933,980
Service Line Inventory Expenses	(9,174)	0	(9,174)
Wastewater Treatment Facility Relocation Study Expenses	0	(12,906)	(12,906)
Flood Damage Expenses	0	(717,122)	(717,122)
Decrease/(Increase) in Due from Other Funds	(18,026)	(281,272)	(299,298)
<b>Net Cash Provided/(Used) by Noncapital Financing Activities</b>	<b>(18,026)</b>	<b>(77,320)</b>	<b>(95,346)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Issuance of Long-term Debt	0	1,741,042	1,741,042
Insurance Proceeds	14,747	14,747	29,494
Proceeds from Capital Grants	0	187,518	187,518
Acquisition and Construction of Capital Assets	(18,962)	(1,907,029)	(1,925,991)
Principal Paid on Long-term Debt	(40,179)	(2,300)	(42,479)
Interest Paid on Long-term Debt	(9,404)	(1,471)	(10,875)
<b>Net Cash Provided/(Used) by Capital and Related Financing Activities</b>	<b>(53,798)</b>	<b>32,507</b>	<b>(21,291)</b>
<b>Cash Flows From Investing Activities:</b>			
Receipt of Interest and Dividends	21,712	4,339	26,051
<b>Net Cash Provided by Investing Activities</b>	<b>21,712</b>	<b>4,339</b>	<b>26,051</b>
<b>Net Increase in Cash</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash - July 1, 2023	0	0	0
Cash - June 30, 2024	\$ 0	\$ 0	\$ 0
<b>Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>			
Operating Income/(Loss)	\$ (27,278)	\$ (13,098)	\$ (40,376)
Depreciation	87,271	71,016	158,287
(Increase)/Decrease in Receivables	(8,902)	(12,286)	(21,188)
(Increase)/Decrease in Inventory	0	(6,071)	(6,071)
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	707	707
Increase/(Decrease) in Accounts Payable	(1,802)	(4,419)	(6,221)
Increase/(Decrease) in Accrued Payroll and Benefits Payable	0	(852)	(852)
Increase/(Decrease) in Unearned Revenue	823	0	823
Increase/(Decrease) in Net Pension Liability	0	7,195	7,195
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	(1,718)	(1,718)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 50,112</b>	<b>\$ 40,474</b>	<b>\$ 90,586</b>

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$9,174.

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$522,900.

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

There was \$330,157 of capital acquisitions in the Sewer Fund included in accounts payable at June 30, 2024.

The Water Fund disposed of capital assets with a cost of \$12,157 and accumulated depreciation of \$4,631.

The Sewer Fund disposed of capital assets with a cost of \$12,157 and accumulated depreciation of \$3,990.

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

TOWN OF HARDWICK, VERMONT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2024

	<u>Custodial Fund</u> <u>Education Tax</u> <u>Fund</u>
<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, 2024

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>2,914,283</u>
Total Additions	<u>2,914,283</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>2,914,283</u>
Total Deductions	<u>2,914,283</u>
Change in Net Position	0
Net Position - July 1, 2023	<u>0</u>
Net Position - June 30, 2024	\$ <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, 2024

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, 2024

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.

Capital Fund – This fund accounts for the general capital expenditures of the Town.

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.

TOWN OF HARDWICK, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

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.

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, 2024

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 – Accounting Changes and Error Corrections**

Effective June 30, 2024, the Town implemented GASB Statement No. 100, “Accounting Changes and Error Corrections”, an amendment of GASB Statement No. 62. GASB Statement No. 100 identifies accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes various transactions or events included in these changes. This Statement established accounting and financial reporting requirements for each type of accounting change and correction of an error in previously issued financial statements. The financial reporting requirements related to changes within the financial reporting entity as a result of a change in a fund’s presentation from non-major to major fund were applicable to this Statement.

TOWN OF HARDWICK, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

**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, 2024

**6. 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.

**7. 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.

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
Gravel Pit	\$ 5,000	30 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.

TOWN OF HARDWICK, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

**8. 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.

**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, 2024

**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 expenditures budget for the General Fund is approved at the annual Town Meeting in March. Any budget changes require voter approval. There were no budget amendments during the year. The voters are presented estimated revenue projections, however, do not approve them. The Selectboard modifies the revenue projections prior to setting the tax rate if more accurate projections are available. The budget presented herein is for the Town’s “General Fund” only and does not include unbudgeted project expenses.

TOWN OF HARDWICK, VERMONT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024

**B. Budgeted Deficit**

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$125,000 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.

**C. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2024, expenditures in the General Fund exceeded appropriations by \$403,449. These over-expenditures were funded by excess revenues and available fund balance.

**D. Adjustments to Beginning Balances**

During fiscal year 2024, changes within the financial reporting entity resulted in adjustments to beginning fund balances as follows:

	Reporting Units Affected by Adjustments to Beginning Balances	
	Capital Fund	Non-Major Governmental Funds
Fund Balances - July 1, 2023, As Previously Presented	\$ 0	\$ 1,822,592
Change within Financial Reporting Entity (Non-Major to Major Fund)	591,071	(591,071)
Fund Balances - July 1, 2023, As Adjusted	\$ 591,071	\$ 1,231,521

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The Town’s cash and investments as of June 30, 2024 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$4,097,466
Cash on Hand	400
Total Cash	4,097,866
Investments:	
Certificates of Deposit	65,566
Total Cash and Investments	\$4,163,432

The Town has five (5) certificates of deposit with various banks ranging from \$1,210 to \$54,504 with interest rates ranging from 0.65% to 4.00%. All certificates of deposit will mature by fiscal year 2025.

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**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	\$ 259,697	\$ 259,697
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Boston	<u>3,903,335</u>	<u>4,518,440</u>
Total	<u>\$4,163,032</u>	<u>\$4,778,137</u>

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

The book balance is comprised of the following:

Cash – Deposits with Financial Institutions	\$4,097,466
Investments – Certificates of Deposit	<u>65,566</u>
Total	<u>\$4,163,032</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.

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**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, 2024 as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Delinquent Taxes Receivable	\$ 108,197	\$ 0	\$ 108,197
Penalties and Interest Receivable	11,017	0	11,017
Grants Receivable	1,686,964	262,302	1,949,266
Accounts Receivable	31,194	335	31,529
Billed Services	0	30,758	30,758
Unbilled Services	0	177,669	177,669
Allowance for Doubtful Accounts - Water/Sewer	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>
 Total	 <u>\$ 1,837,372</u>	 <u>\$ 461,064</u>	 <u>\$ 2,298,436</u>

**C. Loans Receivable**

Loans receivable as of June 30, 2024 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

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Loans Receivable, 6 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>177,170</u>
Total	1,589,990
Less: Allowance for Doubtful Loans Receivable	<u>(1,412,820)</u>
Reported Value as of June 30, 2024	\$ <u>177,170</u>

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

Balance July 1, 2023	Additions	Payments/ Reductions	Balance June 30, 2024
<u>\$1,582,849</u>	<u>\$71,000</u>	<u>\$63,859</u>	<u>\$1,589,990</u>

#### D. Capital Assets

Capital asset activity for the year ended June 30, 2024 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	<u>1,941,189</u>	<u>11,325,317</u>	<u>0</u>	<u>13,266,506</u>
Total Capital Assets, Not Being Depreciated	<u>2,213,866</u>	<u>11,325,317</u>	<u>0</u>	<u>13,539,183</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,872,890	32,143	0	1,905,033
Vehicles	2,593,143	135,617	528,318	2,200,442
Machinery and Equipment	695,419	599,572	4,060	1,290,931
Roads, Bridges and Sidewalks	6,534,451	0	0	6,534,451
Gravel Pit	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>500,000</u>
Totals	<u>11,695,903</u>	<u>1,267,332</u>	<u>532,378</u>	<u>12,430,857</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	684,497	44,542	0	729,039
Vehicles	1,165,556	147,822	378,116	935,262
Machinery and Equipment	367,026	76,354	2,030	441,350
Roads, Bridges and Sidewalks	2,571,791	283,016	0	2,854,807
Gravel Pit	<u>0</u>	<u>9,722</u>	<u>0</u>	<u>9,722</u>
Totals	<u>4,788,870</u>	<u>561,456</u>	<u>380,146</u>	<u>4,970,180</u>
Total Capital Assets, Being Depreciated	<u>6,907,033</u>	<u>705,876</u>	<u>152,232</u>	<u>7,460,677</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,120,899</u>	<u>\$ 12,031,193</u>	<u>\$ 152,232</u>	<u>\$ 20,999,860</u>

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	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	1,896,291	1,892,102	0	3,788,393
Total Capital Assets, Not Being Depreciated	1,977,032	1,892,102	0	3,869,134
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	86,749	0	0	86,749
Vehicles, Machinery and Equipment	209,304	37,924	24,314	222,914
Distribution and Collection Systems	10,093,413	0	0	10,093,413
Totals	10,389,466	37,924	24,314	10,403,076
Less Accumulated Depreciation for:				
Buildings and Building Improvements	54,002	3,258	0	57,260
Vehicles, Machinery and Equipment	103,525	11,037	8,621	105,941
Distribution and Collection Systems	5,848,451	143,992	0	5,992,443
Totals	6,005,978	158,287	8,621	6,155,644
Total Capital Assets, Being Depreciated	4,383,488	(120,363)	15,693	4,247,432
Business-type Activities Capital Assets, Net	\$ 6,360,520	\$ 1,771,739	\$ 15,693	\$ 8,116,566

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 29,393	Water	\$ 87,271
Public Safety	86,917	Sewer	71,016
Highways and Streets	403,104		
Culture and Recreation	42,042		
Total Depreciation Expense - Governmental Activities	\$ 561,456	Total Depreciation Expense - Business-type Activities	\$ 158,287

**E. Interfund Balances and Activity**

The composition of interfund balances as of June 30, 2024 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 3,144,924
Jeudevine Building Fund	148,056	0
Yellow Barn Fund	0	128,749
Capital Fund	639,755	0
Non-Major Governmental Funds	1,324,117	0
Water Fund	748,014	0
Sewer Fund	413,731	0
Total	\$ 3,273,673	\$ 3,273,673



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Interfund transfers during the year ended June 30, 2024 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Fund	\$ 129,000	Appropriation
General Fund	Jeudevine Memorial Library Fund	138,528	Appropriation
General Fund	Conservation Commission Fund	500	Appropriation
General Fund	Capital Roads Fund	170,000	Appropriation
General Fund	Equipment Replacement Fund	170,000	Appropriation
ARPA Fund	General Fund	<u>9,930</u>	Revenue Replacement
Total		<u>\$ 617,958</u>	

During the year, the Town took over operations of the Fairview Cemetery Association and the Hardwick Cemetery Association. All of the assets and responsibility for cemetery services were transferred to the Town, except for two certificates of deposit in the amounts of \$7,869 and \$10,801 which will be turned over to the Town upon maturity in April, 2025. During the year, the Town received cash in the amounts of \$28,819 and \$88,210 from the Fairview Cemetery Association and Hardwick Cemetery Association, respectively.

**F. Deferred Outflows of Resources**

Deferred outflows of resources in the governmental activities consists of \$65,380 from the difference between the expected and actual experience, \$118,606 from the net difference between the projected and actual investment earnings on pension plan investments, \$33,980 from changes in assumptions and \$13,703 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) and \$99,250 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$330,919.

Deferred outflows of resources in the business-type activities and Sewer Fund consists of \$3,369 from the difference between the expected and actual experience, \$6,111 from the net difference between the projected and actual investment earnings on pension plan investments, \$1,751 from changes in assumptions and \$706 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) and \$5,115 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities and Sewer Fund is \$17,052.

**G. Unearned Revenue**

Unearned revenue in the governmental activities consists of \$43,329 of grant revenue received in advance.

Unearned revenue in the business-type activities and Water Fund consists of \$2,679 of user fees received in advance.

Unearned revenue in the Capital Fund consists of \$27,000 of grant revenue received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$16,329 of grant revenue received in advance.

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**H. Deferred Inflows of Resources**

Deferred inflows of resources in the governmental activities consists of \$108,403 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 \$2,165 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$110,568.

Deferred inflows of resources in the business-type activities and Sewer Fund consists of \$5,585 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 \$84,000 of delinquent property taxes, penalties and interest on those taxes and \$375,628 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 \$2,165 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$461,793.

Deferred inflows of resources in the Capital Fund consists of \$11,359 of grant revenue not collected within sixty (60) days after year-end as it would not be available to liquidate current liabilities.

Deferred inflows of resources in the Non-Major Governmental Funds consists of \$177,170 of loans receivable as these would not be available to liquidate current liabilities.

**I. Long-term Liabilities**

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

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 notes payable to finance various capital purchases 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.

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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, 2024 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	\$186,664	\$ 0	\$26,667	\$ 159,997
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	195,000	0	15,000	180,000
Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of \$18,334 Payable on November 1 Annually, Interest Ranging from 0.450% to 2.609% Payable on May 1 and November 1, Due November, 2036	256,666	0	18,334	238,332
Bond Payable, Vermont Municipal Bond Bank, Library Improvements, Principal Payments of \$27,500 Payable on November 1 Annually Beginning November 1, 2024, Interest at 3.823% Payable on May 1 and November 1, Due November, 2043	0	550,000	0	550,000
Bond Payable, Vermont Municipal Bond Bank, Gravel Pit, Principal Payments of \$25,000 Payable on November 1 Annually Beginning November 1, 2024, Interest at 3.823% Payable on May 1 and November 1, Due November, 2043	0	500,000	0	500,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Note Payable, Union Bank, Loader, Principal and Interest Payments of \$11,506 Payable on May 15 Annually, Interest at 2.4%, Due and Paid May, 2024	\$ 11,391	\$ 0	\$11,391	\$ 0
Note Payable, Union Bank, Grader and Loader, Principal and Interest Payments of \$57,011 Payable on September 22 Annually Beginning September 22, 2024, Interest at 5.39%, Due September, 2033	<u>0</u>	<u>432,000</u>	<u>0</u>	<u>432,000</u>
Total Governmental Activities	<u>\$649,721</u>	<u>\$1,482,000</u>	<u>\$71,392</u>	<u>\$2,060,329</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	\$ 793,931	\$ 0	\$ 33,080	\$ 760,851
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	302,122	0	7,099	295,023
Bond Payable, State of Vermont Special Environmental Revolving Fund, Service Line Inventory, Authorized to \$61,300 but Eligible for 100% Loan Forgiveness. The Town Recognized \$9,174 of the Loan Forgiveness During the Year.	0	9,174	9,174	0

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Environmental Revolving Fund, Floating Cover and Lagoon Liner Replacement Project, Authorized to \$3,164,753, but Eligible for \$890,932 Loan Forgiveness, 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 \$522,900 of the Loan Forgiveness During the Year.	\$ 816,383	\$1,741,042	\$522,900	\$2,034,525
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>36,800</u>	<u>0</u>	<u>2,300</u>	<u>34,500</u>
<b>Total Business-type Activities</b>	<b><u>\$1,949,236</u></b>	<b><u>\$1,750,216</u></b>	<b><u>\$574,553</u></b>	<b><u>\$3,124,899</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	\$ 638,330	\$ 1,050,000	\$ 60,001	\$ 1,628,329	\$ 112,501
Notes Payable	11,391	432,000	11,391	432,000	33,706
Compensated Absences Payable	53,543	13,259	0	66,802	0
Net Pension Liability	<u>964,776</u>	<u>77,727</u>	<u>0</u>	<u>1,042,503</u>	<u>0</u>
<b>Total Governmental Activities Long-term Liabilities</b>	<b><u>\$ 1,668,040</u></b>	<b><u>\$ 1,572,986</u></b>	<b><u>\$ 71,392</u></b>	<b><u>\$ 3,169,634</u></b>	<b><u>\$ 146,207</u></b>
<b>Business-type Activities</b>					
General Obligation Bonds Payable	\$ 1,949,236	\$ 1,750,216	\$ 574,553	\$ 3,124,899	\$ 136,615
Compensated Absences Payable	1,719	0	0	1,719	0
Net Pension Liability	<u>46,520</u>	<u>7,195</u>	<u>0</u>	<u>53,715</u>	<u>0</u>
<b>Total Business-type Activities Long-term Liabilities</b>	<b><u>\$ 1,997,475</u></b>	<b><u>\$ 1,757,411</u></b>	<b><u>\$ 574,553</u></b>	<b><u>\$ 3,180,333</u></b>	<b><u>\$ 136,615</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
2025	\$ 146,207	\$ 77,934	\$ 136,615	\$ 55,750
2026	148,063	72,631	138,717	53,553
2027	149,961	67,219	140,862	51,313
2028	151,979	61,596	143,053	49,028
2029	154,094	55,822	145,290	46,696
2030-2034	700,026	192,639	761,695	196,802
2035-2039	347,499	78,572	825,166	132,975
2040-2044	262,500	25,089	644,857	52,178
2045-2049	0	0	172,621	9,137
2050	0	0	16,023	811
Total	\$ <u>2,060,329</u>	\$ <u>631,502</u>	\$ <u>3,124,899</u>	\$ <u>648,243</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 \$466,604 which is 12% of the 2024 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>27,345</u>
Total General Fund	<u>28,357</u>

Non-Major Funds

Special Revenue Funds:

Nonspendable Prepaid Items in the Jeudevine Memorial Library Fund	54
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Permanent Funds:

Nonspendable Cemetery Fund Principal	<u>122,029</u>
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Total Non-Major Funds	<u>122,083</u>
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Total Nonspendable Fund Balances	<u>\$150,440</u>
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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>17,080</u>
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Capital Fund:

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)	<u>405</u>
Total Capital Fund	<u>2,155</u>

Non-Major Funds

Special Revenue Funds:

Restricted for Restoration of Records by State Statute (Source of Revenue is Recording Fees)	47,398
Restricted for Community Development by Grant Agreements (Source of Revenue is Grant Revenue)	433,880
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)	881
Restricted for Opioid Crisis Abatement Expenses by Settlement Agreement (Source of Revenue is Opioid Settlement Funds)	<u>26,906</u>
Total Special Revenue Funds	<u>518,638</u>

Permanent Fund:

Restricted for Cemetery Fund by Trust Agreements – Expendable Portion (Source of Revenue is Donations and Sale of Lots)	<u>58,348</u>
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Total Non-Major Funds	<u>576,986</u>
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Total Restricted Fund Balances	<u>\$596,221</u>
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The fund balances in the following funds are committed as follows:

Major Funds

Capital Fund:

Committed for Capital Expenditures by the Voters	\$ <u>599,359</u>
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TOWN OF HARDWICK, VERMONT  
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Non-Major Funds

Special Revenue Funds:

Committed for Jeudevine Memorial Library Expenses by the Voters	\$ 4,763
Committed for Conservation Commission Expenses by the Voters	<u>2,259</u>
Total Special Revenue Funds	<u>7,022</u>

Capital Projects Funds:

Committed for Capital Roads Expenditures by the Voters	443,102
Committed for Equipment Replacement Expenditures by the Voters	<u>273,690</u>
Total Capital Projects Funds	<u>716,792</u>

Permanent Fund:

Committed for Cemetery Expenditures by the Voters	<u>8,200</u>
Total Non-Major Funds	<u>732,014</u>
Total Committed Fund Balances	<u>\$1,331,373</u>

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

Major Funds

General Fund:

Assigned to Reduce Property Taxes in Fiscal Year 2025	\$ 50,000
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Non-Major Funds

Special Revenue Funds:

Assigned for Reappraisal Expenses	<u>159,503</u>
Total Assigned Fund Balances	<u>\$209,503</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.

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**K. Restricted and Designated Net Position**

The restricted net position of the Town as of June 30, 2024 consisted of the following:

Governmental Activities:

Restricted for Jeudevine Building Expenditures by Donations	\$ 17,080
Restricted for Town House Painting by Donations	1,750
Restricted for Trails Expenditures by Donations	405
Restricted for Restoration of Records by State Statute	47,398
Restricted for Community Development by Grant Agreements	611,050
Restricted for Restorative Justice Expenses by Grant Agreements	9,573
Restricted for Fire Department Special Fund Expenses by Donations	881
Restricted for Opioid Crisis Abatement Expenses by Settlement Agreement	26,906
Restricted for Cemetery Fund by Trust Agreements – Non-Expendable Portion	122,029
Restricted for Cemetery Fund by Trust Agreements – Expendable Portion	<u>58,348</u>
Total Governmental Activities	<u>\$895,420</u>

The designated net position of the Town as of June 30, 2024 consisted of the following:

Business-type Activities:

Water Fund:

Designated for Well Replacement	\$ 164,538
Designated for Water Capital	<u>549,863</u>
Total Water Fund	<u>714,401</u>

Sewer Fund:

Designated for Sewer Capital	445,862
Designations in Excess of Unrestricted Net Position	<u>(65,512)</u>
Total Sewer Fund	<u>380,350</u>

Total Business-type Activities	<u>\$1,094,751</u>
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TOWN OF HARDWICK, VERMONT  
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## **V. OTHER INFORMATION**

### **A. Pension Plan**

#### **Defined Benefit Plan**

#### **The Vermont Municipal Employees' Retirement System (VMERS)**

##### **Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. As of June 30, 2023, the measurement date selected by the State of Vermont, the retirement system consisted of 357 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, 2023, the measurement date selected by the State of Vermont, VMERS was funded at 74.01% and had a plan fiduciary net position of \$912,113,032 and a total pension liability of \$1,232,406,785 resulting in a net position liability of \$320,293,753. The Town's proportionate share of this was 0.3423% resulting in a net pension liability of \$1,096,218. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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 0.3423% was an increase of 0.0089 from its proportion measured as of the prior year.

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For the year ended June 30, 2024, the Town recognized pension expense of \$182,519.

As of June 30, 2024, 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	\$ 68,749	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	124,717	0
Changes in assumptions	35,731	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,409	113,988
Town's required employer contributions made subsequent to the measurement date	104,365	0
	\$ 347,971	\$ 113,988

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$104,365 will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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>	
2025	\$ 45,415
2026	932
2027	85,852
2028	(2,581)
Total	\$129,618

**Summary of Plan 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.

TOWN OF HARDWICK, VERMONT  
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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.

Normal Retirement Eligibility – Group A – Earlier of age 65 with five (5) years of service or age 55 with thirty-five (35) years of service. Group B – 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.

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

Early Retirement 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; payable without reduction to Group D members.

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

Disability Retirement Amount – All Groups – 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.

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

Death Benefit Amount – 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. Group D – 70% of the unreduced accrued benefit, plus children’s benefit.

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Post-Retirement Adjustments – Group A – Allowances in pay status for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 2%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62. Groups B, C and D – Allowances in payment for at least one (1) year increased on each January 1 by one-half of the percentage increase in Consumer Price Index, but not more than 3%. If receiving an Early Retirement benefit, no increases until after attaining Normal Retirement eligibility. If receiving a Disability Retirement benefit, no increases until after attaining age 62 (age 55 for Group C).

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

Optional Benefit and Death after Retirement – Groups A, B and C – A lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee. Group D – A 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 – 3.75% effective July 1, 2023; 4.00% effective July 1, 2024; 4.25% effective July 1, 2025, and thereafter.
- Group B – 6.125% effective July 1, 2023; 6.375% effective July 1, 2024; 6.625% effective July 1, 2025, and thereafter.
- Group C – 11.25% effective July 1, 2023; 11.50% effective July 1, 2024; 11.75% effective July 1, 2025, and thereafter.
- Group D – 12.60% effective July 1, 2023; 12.85% effective July 1, 2024; 13.10% effective July 1, 2025, and thereafter.

**Employer Contribution Rates:**

- Group A – 5.25% effective July 1, 2023; 5.50% effective July 1, 2024; 5.75% effective July 1, 2025, and thereafter.
- Group B – 6.75% effective July 1, 2023; 7.00% effective July 1, 2024; 7.25% effective July 1, 2025, and thereafter.
- Group C – 8.50% effective July 1, 2023; 8.75% effective July 1, 2024; 9.00% effective July 1, 2025, and thereafter.
- Group D – 11.10% effective July 1, 2023; 11.35% effective July 1, 2024; 11.60% effective July 1, 2025, and thereafter.

**Significant Actuarial Assumptions and Methods**

Inflation Rate – 2.30% per year.

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

Salary Increases – Ranging from 4.07% to 6.21% based on service.

TOWN OF HARDWICK, VERMONT  
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Cost-of-Living Adjustments (COLA) – Assumed to occur on January 1 following one (1) year of retirement at the rate of 1.10% per annum for Group A members and 1.20% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Groups A, B and D who receive a disability retirement benefit, and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2024 COLA is expected to be 1.10% for Group A and 1.10% for Groups B, C and D. The January 1, 2023 COLAs were 2.00% for Group A and 3.00% for Groups B, C and D.

Mortality:

Pre-Retirement Participants – Groups A and B – 60% PubG-2010 General Employee Amount-Weighted Below Median and 40% of PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group C – PubG-2010 General Employee Amount-Weighted, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Employee Amount-Weighted Below Median, with generational projection using scale MP-2021.

Healthy Post-Retirement – Retirees – Groups A and B – PubG-2010 General Healthy Retiree Amount-Weighted Below Median Table with credibility adjustments of 90% and 87% for the Male and Female tables, respectively, with generational projection using scale MP-2021. Group C – PubG-2010 General Healthy Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Public Safety Retiree Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Healthy Post-Retirement – Beneficiaries – All Groups – Pub-2010 Contingent Survivor Amount-Weighted Below Median Table, with generational projection using scale MP-2021.

Disabled Post-Retirement – Groups A, B and C – PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021. Group D – PubS-2010 Safety Disabled Retiree Amount-Weighted Table, with generational projection using scale MP-2021.

Age of Spouse – Females three (3) 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.

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**Determination of Discount Rate and Investment Rates of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 adding expected inflation. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equities	44%	5.35%
Private Equity	10%	7.50%
Emerging Market Debt	2%	5.00%
Private and Alternative Credit	10%	5.50%
Non-Core Real Estate	4%	5.50%
Core Fixed Income	19%	1.50%
Core Real Estate	4%	3.25%
US TIPS	2%	1.50%
Infrastructure/Farmland	5%	4.25%

Discount Rate – The long-term expected rate of return on pension plan investments is 7.00%. The high quality tax-exempt general obligation municipal bond rate (20-Bond GO Index) as of the closest date prior to the valuation date of June 30, 2023, is 3.65%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023. 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). 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, 2023. 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.

**Discount Rate Sensitivity**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:



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<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$1,649,978	\$1,096,218	\$641,049

**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.

**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 2024 were as follows:

TOWN OF HARDWICK, VERMONT  
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	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.7183	.7183
Highway	.6640	.6640
Local Agreement	.0103	.0103
Education	<u>1.7540</u>	<u>1.7738</u>
Total	<u>3.1466</u>	<u>3.1664</u>

**D. 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. As of June 30, 2024, the project was about 80% complete. 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 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 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. Cabot plans to open their retail space in the Yellow Barn building in the Summer of 2024. CAE and Jasper Hill will continue completing their fit-up of the accelerator space for the remainder of 2024. 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 of Hardwick 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 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 of Hardwick will have no further financial exposure to the project other than the \$225,000 already spent. The Town expects to receive the \$200,000 from the Economic Development loan fund back upon project completion.

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NOTES TO THE FINANCIAL STATEMENTS  
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**E. 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 Town received distributions in the amounts of \$25,024 and \$2,243 in fiscal years 2016 and 2017, respectively. The Jeudevine Memorial Library Building Fund was closed during fiscal year 2017. The Library has now chosen to reinvest the annual distributions. 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 as of June 30, 2024 is \$38,409.

**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.

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, 2024 was \$22,031.

TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 2,746,882	\$ 2,739,962	\$ (6,920)
School Tax Administration Fee	6,900	6,872	(28)
PILOT	161,433	204,949	43,516
Current Use	174,470	176,485	2,015
Delinquent Late Charges	27,000	22,617	(4,383)
Tax Sale Interest	300	56	(244)
Zoning Permits	3,000	2,815	(185)
Licenses and Fees	3,000	3,102	102
Recording Fees	26,000	15,776	(10,224)
Dog Licenses	1,500	1,514	14
DMV Fees	350	207	(143)
State Aid to Highways	149,254	157,830	8,576
Grant-in-Aid Grant Income	31,000	0	(31,000)
West Woodbury Revenue	0	6,000	6,000
Copying Fees	10,000	11,037	1,037
Hardwick PD Ticket Revenue	9,000	16,881	7,881
PD SIU Revenue	5,000	3,750	(1,250)
PD Outside Services Revenues	1,000	1,376	376
Equitable Sharing Income	0	507	507
Investment Income	4,000	42,511	38,511
Miscellaneous	750	1,676	926
Water Charges	141,671	141,671	0
Sewer Charges	128,550	128,550	0
Transfer from ARPA Fund	9,930	9,930	0
Room Rent	50	0	(50)
Police Department - Vest Grant Income	850	664	(186)
VAST Patrol Grant Income	0	1,760	1,760
Government Highway Safety Grant Income	6,000	21,397	15,397
Body Camera Grant Income	0	15,090	15,090
Flood Resilient Communities Grant Income	0	2,921	2,921
Municipal Planning Grant Income	0	8,039	8,039
Greenup Day Grant Income	400	400	0
Local Economic Impact Grant Income	0	75,000	75,000
Insurance Proceeds	0	101,206	101,206
FEMA Reimbursement	0	87,932	87,932
<b>Total Revenues</b>	<b>3,648,290</b>	<b>4,010,483</b>	<b>362,193</b>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
Office Expenses:			
Town Manager's Office Payroll	\$ 219,918	\$ 213,784	\$ 6,134
Town Clerk's Office Payroll	102,698	104,654	(1,956)
Flood Related Expenses	0	21,452	(21,452)
Social Security Expense	22,583	26,143	(3,560)
Worker's Compensation	1,200	2,841	(1,641)
Unemployment Insurance	850	506	344
VLCT/PACIF	3,075	2,812	263
Health Insurance	116,441	127,480	(11,039)
Dental/Vision/Life/Disability Insurances	6,544	6,577	(33)
Retirement Expense	21,777	22,213	(436)
Town Manager's Office Supplies	5,000	5,068	(68)
Town Clerk's Office Supplies	3,500	3,942	(442)
Town Report Expense	2,800	3,573	(773)
Conferences/Dues/Mileage	1,000	805	195
Tax Billing/Collection Expense	1,500	1,233	267
Telephone	3,600	3,768	(168)
Advertising	1,750	1,868	(118)
Copier	500	0	500
Election Expense	1,000	238	762
Computer Software/Services	12,500	17,292	(4,792)
Equipment Purchases	2,500	2,570	(70)
Lister Supplies	2,500	2,122	378
Education/Training	1,000	425	575
Zoning Supplies	3,000	3,253	(253)
Bylaw Grant Expenses	0	10,675	(10,675)
<b>Total Office Expenses</b>	<b>537,236</b>	<b>585,294</b>	<b>(48,058)</b>
Payroll (Part-time and Elected):			
Public Official's Liability	3,900	3,280	620
Election Officials	500	0	500
Zoning Administrator	28,522	31,051	(2,529)
Planning/DRB Board	2,000	2,775	(775)
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	25	75
Town Service Officer	150	50	100
Part-time Labor	500	453	47
Health Officer	600	600	0
Town Website Coordinator	600	600	0
Community Development Coordinator	29,120	28,504	616
Social Security Expense	4,716	3,088	1,628
<b>Total Payroll (Part-time and Elected)</b>	<b>75,983</b>	<b>75,736</b>	<b>247</b>

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Memorial Building:</b>			
Custodial Services Expense	\$ 10,751	\$ 10,738	\$ 13
Custodial Social Security Expense	700	733	(33)
VLCT/PACIF	3,275	3,057	218
Operating Expenses/Supplies	3,500	4,393	(893)
Building Repairs/Maintenance	3,000	4,336	(1,336)
Flood Damage	0	3,464	(3,464)
Utilities	5,037	5,183	(146)
Fuel Oil	13,000	8,468	4,532
Elevator/Fire Alarm	2,500	2,103	397
Generator	200	0	200
<b>Total Memorial Building</b>	<b>41,963</b>	<b>42,475</b>	<b>(512)</b>
<b>Public Safety Building:</b>			
VLCT/PACIF	3,675	3,423	252
Operating Supplies	1,500	659	841
Building Repairs/Maintenance	2,500	1,603	897
Utilities	2,821	2,889	(68)
Fuel Oil	7,500	4,505	2,995
Custodial Services Expense	6,034	6,615	(581)
Custodial Social Security Expense	500	505	(5)
<b>Total Public Safety Building</b>	<b>24,530</b>	<b>20,199</b>	<b>4,331</b>
<b>Fire Station:</b>			
VLCT/PACIF	3,300	3,216	84
Utilities	2,476	2,820	(344)
Fuel Oil	9,500	4,982	4,518
Building Repairs/Maintenance	1,000	161	839
<b>Total Fire Station</b>	<b>16,276</b>	<b>11,179</b>	<b>5,097</b>
<b>Highway Garage:</b>			
Heating Fuel	5,500	3,696	1,804
Building Repairs/Maintenance	1,500	3,462	(1,962)
Utilities - Garage	5,088	3,768	1,320
<b>Total Highway Garage</b>	<b>12,088</b>	<b>10,926</b>	<b>1,162</b>
<b>Town House:</b>			
VLCT/PACIF	1,975	1,868	107
Building Repairs/Maintenance	500	402	98
Utilities	349	375	(26)
<b>Total Town House</b>	<b>2,824</b>	<b>2,645</b>	<b>179</b>

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Historical Depot:			
VLCT/PACIF	\$ 175	\$ 178	\$ (3)
Building Repairs/Maintenance	400	4,151	(3,751)
Total Historical Depot	575	4,329	(3,754)
Carey Rd. Property:			
VLCT/PACIF	135	148	(13)
Total Carey Rd. Property	135	148	(13)
Yellow Barn:			
VLCT/PACIF	175	177	(2)
Building Repairs/Maintenance	500	1,214	(714)
Utilities	450	150	300
Total Yellow Barn	1,125	1,541	(416)
Police Department:			
Police Department Payroll	379,902	387,981	(8,079)
Overtime	57,398	56,771	627
Part-time Officers	115,200	46,898	68,302
Flood Related Expenses	0	9,975	(9,975)
Social Security Expense	38,675	38,791	(116)
Worker's Compensation	34,800	34,104	696
Unemployment Insurance	1,200	893	307
VLCT/PACIF	23,700	18,693	5,007
Health Insurance	54,726	43,184	11,542
Dental/Vision/Life/Disability Insurances	4,104	5,148	(1,044)
Retirement Expense	46,458	47,034	(576)
Operating Supplies	7,000	7,463	(463)
Training	4,000	4,607	(607)
Memberships	350	0	350
Legal Expenses	1,500	68	1,432
Internet Communication	3,000	2,877	123
Dispatch Services	30,588	30,588	0
Telephone	3,500	3,739	(239)
Vehicle Repairs and Maintenance	5,500	26,865	(21,365)
Advertising	400	1,214	(814)
Radio Service	1,000	453	547
Investigation Expense	1,500	4,620	(3,120)
Uniforms - Cleaning	750	289	461
Uniforms - Purchases	3,500	1,702	1,798

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Police Department/(Cont'd):</b>			
Gasoline	\$ 15,000	\$ 9,434	\$ 5,566
Tires	2,000	1,350	650
Education	500	0	500
Equipment	5,500	3,757	1,743
Government Highway Safety Grant Expenses	6,000	6,557	(557)
Equitable Sharing Expenses	0	507	(507)
SIU Grant Expenses	5,000	1,500	3,500
Equipment Grant Expenses	0	26,599	(26,599)
Vest Grant Expenses	1,700	2,584	(884)
<b>Total Police Department</b>	<b>854,451</b>	<b>826,245</b>	<b>28,206</b>
<b>Fire Department:</b>			
Labor	7,500	6,825	675
Social Security	500	502	(2)
Worker's Compensation	1,400	1,219	181
Liability Insurance	4,900	4,511	389
Operating Supplies	2,500	3,981	(1,481)
Dispatch Services	13,109	13,109	0
Phone/Internet	1,500	1,201	299
Gasoline	200	0	200
Diesel Fuel	1,400	1,231	169
Equipment Purchases	8,000	6,696	1,304
Equipment Repairs	4,000	4,131	(131)
Training	400	0	400
Flood Damage	0	41,210	(41,210)
<b>Total Fire Department</b>	<b>45,409</b>	<b>84,616</b>	<b>(39,207)</b>
<b>Highway Department:</b>			
Public Works Payroll	357,290	359,670	(2,380)
Overtime	32,000	36,223	(4,223)
Sewer Operator	500	768	(268)
Social Security Expense	27,250	28,399	(1,149)
Worker's Compensation	20,000	22,487	(2,487)
Unemployment Insurance	750	416	334
VLCT/PACIF	14,900	12,416	2,484
Health Insurance	139,952	132,123	7,829
Dental/Vision/Life/Disability Insurances	8,125	6,843	1,282
Retirement Expense	26,277	27,835	(1,558)
Operating Supplies	18,000	19,260	(1,260)
Permits/Fees	4,300	4,088	212

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department/(Cont'd):			
Telephone/Internet	\$ 1,500	\$ 1,341	\$ 159
Culverts	8,000	11,412	(3,412)
Grant-in-Aid Grant Expenses	6,200	0	6,200
Uniforms	5,800	7,799	(1,999)
Line Painting/Crosswalks	1,000	861	139
Road Signs	1,500	2,729	(1,229)
Streetscape Maintenance	700	906	(206)
Storm Drains	2,000	3,268	(1,268)
Safety/Training	1,500	330	1,170
Equipment Expense	65,000	90,889	(25,889)
Gasoline	5,500	4,024	1,476
Diesel Fuel	95,000	58,643	36,357
Gravel	60,000	47,064	12,936
Ditch Stone	5,000	7,806	(2,806)
Hydroseeding	2,000	1,751	249
Mud Season Material	6,000	28,174	(22,174)
Chloride	17,000	10,827	6,173
East Hardwick Sidewalks	600	600	0
Contract Mowing	7,000	0	7,000
Paving/Patching	4,500	5,683	(1,183)
Brush Cutting	12,000	12,010	(10)
Downtown Beauty	1,500	2,717	(1,217)
Street Sweeping	4,000	4,500	(500)
Flood Damage	0	426,002	(426,002)
Winter Sand	10,000	2,000	8,000
Salt	100,000	84,368	15,632
<b>Total Highway Department</b>	<b>1,072,644</b>	<b>1,466,232</b>	<b>(393,588)</b>
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
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
Justice for Dogs	1,000	1,000	0
<b>Total Appropriations</b>	<b>37,261</b>	<b>37,261</b>	<b>0</b>

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Other Expenses:			
Auditing	\$ 17,750	\$ 20,130	\$ (2,380)
Animal Control	3,200	2,596	604
Professional Services	7,500	16,381	(8,881)
Lister Professional Services	41,400	41,400	0
NVDA	2,258	2,482	(224)
VLCT	4,949	4,949	0
Jeudevine Memorial Library	138,528	138,528	0
Memorial Day	500	600	(100)
Caspian Lake	3,650	3,650	0
Cemeteries	18,000	26,563	(8,563)
Equipment Replacement Fund	150,000	150,000	0
Union Bank Loader Payment	12,000	11,506	494
Loader & Grader - Lease to-Own	55,000	0	55,000
Capital Roads Fund	170,000	170,000	0
Mackville Road Bond Payment	21,575	21,575	0
Capital Fund	129,000	129,000	0
Gravel Pit Bond Payment	18,500	15,451	3,049
Equipment Replacement Fund - Fire	20,000	20,000	0
2014 Fire Truck Bond Payment	32,613	32,613	0
2021 Fire Truck Bond Payment	21,259	22,671	(1,412)
Tax Mapping	7,500	3,300	4,200
Solid Waste District	2,920	2,920	0
Streetlights	23,783	23,392	391
Memorial Park Electricity	175	128	47
Employment Practices Insurance	6,425	5,883	542
Community Crime Insurance	1,200	1,014	186
Town Service Officer Expense	1,000	0	1,000
Hazard Mitigation Fund	3,000	0	3,000
Cyber Security	2,500	1,400	1,100
Tax Sale Expense	1,000	2,048	(1,048)
Tax Abatement Expense	275	15,430	(15,155)
Conservation Commission	500	500	0
Equity Committee	2,000	911	1,089
County Taxes	24,635	19,719	4,916
Rescue Squad	72,765	72,762	3
Insurance Deductibles	0	1,000	(1,000)
<b>Total Other Expenses</b>	<b>1,017,360</b>	<b>980,502</b>	<b>36,858</b>

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TOWN OF HARDWICK, VERMONT  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Department:			
Recreation Coordinator Payroll	\$ 5,200	\$ 3,980	\$ 1,220
Social Security	364	304	60
Worker's Compensation	120	104	16
Unemployment Insurance	60	33	27
VLCT/PACIF	100	71	29
Youth Programs	9,801	6,715	3,086
Mileage	100	0	100
Community Programming	7,000	7,165	(165)
Supplies and Advertising	500	154	346
Maintenance	1,000	0	1,000
Total Recreation Department	24,245	18,526	5,719
Trails Department:			
Salaries	3,880	3,103	777
Social Security	305	237	68
Trail Repair and Construction	800	414	386
Equipment Repair and Maintenance	800	350	450
Gas, Oil, Diesel	700	319	381
Publicity/Advertising/Signage and Maps	400	670	(270)
Programs and Activities	1,200	2,470	(1,270)
Worker's Compensation	110	126	(16)
Unemployment Insurance	40	33	7
VLCT/PACIF	950	1,163	(213)
Total Trails Department	9,185	8,885	300
Total Expenditures	3,773,290	4,176,739	(403,449)
Excess/(Deficiency) of Revenues Over Expenditures	\$ (125,000)	(166,256)	\$ (41,256)
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Pedestrian Bridge Planning Expenses		(73,790)	
Net Change in Fund Balance		(240,046)	
Fund Balance - July 1, 2023		979,503	
Fund Balance - June 30, 2024		\$ 739,457	

The reconciling item is due to unbudgeted project expenses.

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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, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Plan Net Pension Liability	\$ 320,293,753	\$ 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	0.3423%	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	\$ 1,096,218	\$ 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	\$ 1,204,434	\$ 1,103,401	\$ 1,228,035	\$ 1,227,362	\$ 1,192,399	\$ 1,137,683	\$ 1,083,924	\$ 991,431	\$ 1,023,717	\$ 1,015,074
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	91.0152%	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	74.01%	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: Effective for the June 30, 2023 actuarial valuation, the following assumptions were updated:

- Assumed rates of salary increase were adjusted, generally increased, based on plan experience.
- Mortality assumptions changed as follows:

Pre-Retirement:

- Groups A/B - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to 60% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 40% of PubG-2010 General Employee Amount-Weighted (sex-specific) tables.
- Group C - Changed from 40% of PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Employee Amount-Weighted (sex specific) tables to PubG-2010 General Employee Amount-Weighted Below Median (sex-specific) tables.
- Group D - Changed from PubG-2010 General Employee Amount-Weighted Above Median (sex specific) tables to PubS-2010 Public Safety Employee Amount-Weighted Below Median (sex specific) tables.

Healthy Post-Retirement - Retirees:

- Groups A/B - Changed from 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables with 90% and 87% adjustments for males and females, respectively.
- Group C - Changed from 104% of 40% PubG-2010 General Healthy Retiree Amount-Weighted Below Median (sex-specific) tables and 60% of PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables.
- Group D - Changed from PubG-2010 General Healthy Retiree Amount-Weighted (sex-specific) tables to PubS-2010 Public Safety Retiree Amount-Weighted Below Median (sex-specific) tables.

Healthy Post-Retirement - Beneficiaries:

- Groups A/B/C - Changed from 70% of the Pub-2010 Contingent Survivor Amount-Weighted Below Median (sex-specific) tables and 30% of the Pub-2010 Contingent Survivor Amount-Weighted (sex-specific) tables to Pub-2010 Contingent Survivor Amount-Weighted Below-Median (sex-specific) tables.
- Group D - Changed from Pub-2010 Contingent Survivor Amount-Weighted (sex-specific) tables to Pub-2010 Contingent Survivor Amount-Weighted Below-Median (sex-specific) tables.

Disabled Retirees:

- Group D - Changed from PubNS-2010 Non-Safety Disabled Retiree Amount-Weighted (sex-specific) tables to PubS-2010 Safety Disabled Retiree Amount-Weighted (sex-specific) tables.

Mortality improvement scale was changed from generational projection using scale MP-2019 to generational projection using scale MP-2021 for all assumptions.

- Assumed active retirement rates for all groups were adjusted based on plan experience.
- Assumed termination rates were adjusted based on plan experience. Rates are now split between Groups A and B, and C and D.
- Assumed disability rates were adjusted based on plan experience. Rates are now split between Groups A and B, and C and D.

TOWN OF HARDWICK, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS  
 VMERS DEFINED BENEFIT PLAN  
 FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 104,365	\$ 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>104,365</u>	<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>	<u>\$ 0</u>
Town's Covered Employee Payroll	\$ 1,312,872	\$ 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	7.949%	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, 2023

TOWN OF HARDWICK, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
<u>ASSETS</u>				
Cash	\$ 229,951	\$ 0	\$ 0	\$ 229,951
Investments	0	0	65,566	65,566
Receivables	284	0	0	284
Loans Receivable (Net of Allowance for Uncollectibles)	177,170	0	0	177,170
Due from Other Funds	482,114	716,792	125,211	1,324,117
Prepaid Items	<u>54</u>	<u>0</u>	<u>0</u>	<u>54</u>
Total Assets	<u>\$ 889,573</u>	<u>\$ 716,792</u>	<u>\$ 190,777</u>	<u>\$ 1,797,142</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 8,929	\$ 0	\$ 2,200	\$ 11,129
Accrued Payroll and Benefits Payable	1,928	0	0	1,928
Unearned Revenue	<u>16,329</u>	<u>0</u>	<u>0</u>	<u>16,329</u>
Total Liabilities	<u>27,186</u>	<u>0</u>	<u>2,200</u>	<u>29,386</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loans Receivable	<u>177,170</u>	<u>0</u>	<u>0</u>	<u>177,170</u>
Total Deferred Inflows of Resources	<u>177,170</u>	<u>0</u>	<u>0</u>	<u>177,170</u>
<u>FUND BALANCES</u>				
Nonspendable	54	0	122,029	122,083
Restricted	518,638	0	58,348	576,986
Committed	7,022	716,792	8,200	732,014
Assigned	<u>159,503</u>	<u>0</u>	<u>0</u>	<u>159,503</u>
Total Fund Balances	<u>685,217</u>	<u>716,792</u>	<u>188,577</u>	<u>1,590,586</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 889,573</u>	<u>\$ 716,792</u>	<u>\$ 190,777</u>	<u>\$ 1,797,142</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, 2024

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
Revenues:				
Intergovernmental	\$ 16,351	\$ 0	\$ 0	\$ 16,351
Charges for Services	0	0	2,500	2,500
Permits, Licenses and Fees	5,544	0	0	5,544
Loan Repayments	63,859	0	0	63,859
Loan Interest Income	5,320	0	0	5,320
Investment Income	11,718	18,565	1,068	31,351
Donations	6,606	0	0	6,606
Opioids Settlement	14,184	0	0	14,184
Other	4,005	0	0	4,005
<b>Total Revenues</b>	<u>127,587</u>	<u>18,565</u>	<u>3,568</u>	<u>149,720</u>
Expenditures:				
General Government	29,304	0	0	29,304
Public Safety	85	0	0	85
Culture and Recreation	145,900	0	0	145,900
Community Development	73,564	0	0	73,564
Cemetery	0	0	5,000	5,000
Capital Outlay:				
Public Safety	9,389	23,000	0	32,389
Highways and Streets	0	532,470	0	532,470
<b>Total Expenditures</b>	<u>258,242</u>	<u>555,470</u>	<u>5,000</u>	<u>818,712</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(130,655)</u>	<u>(536,905)</u>	<u>(1,432)</u>	<u>(668,992)</u>
Other Financing Sources:				
Issuance of Long-term Debt	0	432,000	0	432,000
Transfer from Fairview Cemetery Association	0	0	28,819	28,819
Transfer from Hardwick Cemetery Association	0	0	88,210	88,210
Transfers In	139,028	340,000	0	479,028
<b>Total Other Financing Sources</b>	<u>139,028</u>	<u>772,000</u>	<u>117,029</u>	<u>1,028,057</u>
<b>Net Change in Fund Balances</b>	<u>8,373</u>	<u>235,095</u>	<u>115,597</u>	<u>359,065</u>
Fund Balances - July 1, 2023, As Previously Presented	676,844	1,072,768	72,980	1,822,592
Change within Financial Reporting Entity (Non-Major to Major)	<u>0</u>	<u>(591,071)</u>	<u>0</u>	<u>(591,071)</u>
Fund Balances - July 1, 2023, As Adjusted	<u>676,844</u>	<u>481,697</u>	<u>72,980</u>	<u>1,231,521</u>
<b>Fund Balances - June 30, 2024</b>	<u>\$ 685,217</u>	<u>\$ 716,792</u>	<u>\$ 188,577</u>	<u>\$ 1,590,586</u>

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TOWN OF HARDWICK, VERMONT  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2024

	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	\$ 229,951	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 229,951
Receivables	0	0	0	0	0	284	0	0	284
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	177,170	0	0	0	0	0	177,170
Due from Other Funds	166,712	47,398	203,929	9,573	881	24,246	2,259	27,116	482,114
Prepaid Items	0	0	0	0	0	54	0	0	54
Total Assets	\$ <u>166,712</u>	\$ <u>47,398</u>	\$ <u>611,050</u>	\$ <u>9,573</u>	\$ <u>881</u>	\$ <u>24,584</u>	\$ <u>2,259</u>	\$ <u>27,116</u>	\$ <u>889,573</u>
<b>LIABILITIES</b>									
Accounts Payable	\$ 7,209	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,510	\$ 0	\$ 210	\$ 8,929
Accrued Payroll and Benefits Payable	0	0	0	0	0	1,928	0	0	1,928
Unearned Revenue	0	0	0	0	0	16,329	0	0	16,329
Total Liabilities	<u>7,209</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,767</u>	<u>0</u>	<u>210</u>	<u>27,186</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable Loans Receivable	0	0	177,170	0	0	0	0	0	177,170
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>177,170</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>177,170</u>
<b>FUND BALANCES</b>									
Nonspendable	0	0	0	0	0	54	0	0	54
Restricted	0	47,398	433,880	9,573	881	0	0	26,906	518,638
Committed	0	0	0	0	0	4,763	2,259	0	7,022
Assigned	159,503	0	0	0	0	0	0	0	159,503
Total Fund Balances	<u>159,503</u>	<u>47,398</u>	<u>433,880</u>	<u>9,573</u>	<u>881</u>	<u>4,817</u>	<u>2,259</u>	<u>26,906</u>	<u>685,217</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>166,712</u>	\$ <u>47,398</u>	\$ <u>611,050</u>	\$ <u>9,573</u>	\$ <u>881</u>	\$ <u>24,584</u>	\$ <u>2,259</u>	\$ <u>27,116</u>	\$ <u>889,573</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, 2024

	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	\$ 14,563	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,788	\$ 0	\$ 0	\$ 16,351
Permits, Licenses and Fees	0	5,544	0	0	0	0	0	0	5,544
Loan Repayments	0	0	63,859	0	0	0	0	0	63,859
Loan Interest Income	0	0	5,320	0	0	0	0	0	5,320
Investment Income	4,521	0	5,917	0	92	692	0	496	11,718
Donations	0	0	0	0	6,213	200	193	0	6,606
Opioids Settlement	0	0	0	0	0	0	0	14,184	14,184
Other	0	0	135	0	0	3,870	0	0	4,005
<b>Total Revenues</b>	<b>19,084</b>	<b>5,544</b>	<b>75,231</b>	<b>0</b>	<b>6,305</b>	<b>6,550</b>	<b>193</b>	<b>14,680</b>	<b>127,587</b>
<b>Expenditures:</b>									
General Government	12,726	437	0	0	0	0	16,141	0	29,304
Public Safety	0	0	0	0	85	0	0	0	85
Culture and Recreation	0	0	0	0	0	145,900	0	0	145,900
Community Development	0	0	71,411	0	0	0	0	2,153	73,564
Capital Outlay:									
Public Safety	0	0	0	0	9,389	0	0	0	9,389
<b>Total Expenditures</b>	<b>12,726</b>	<b>437</b>	<b>71,411</b>	<b>0</b>	<b>9,474</b>	<b>145,900</b>	<b>16,141</b>	<b>2,153</b>	<b>258,242</b>
Excess/(Deficiency) of Revenues Over Expenditures	6,358	5,107	3,820	0	(3,169)	(139,350)	(15,948)	12,527	(130,655)
<b>Other Financing Sources:</b>									
Transfers In	0	0	0	0	0	138,528	500	0	139,028
<b>Total Other Financing Sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>138,528</b>	<b>500</b>	<b>0</b>	<b>139,028</b>
Net Change in Fund Balances	6,358	5,107	3,820	0	(3,169)	(822)	(15,448)	12,527	8,373
Fund Balances - July 1, 2023	153,145	42,291	430,060	9,573	4,050	5,639	17,707	14,379	676,844
Fund Balances - June 30, 2024	\$ 159,503	\$ 47,398	\$ 433,880	\$ 9,573	\$ 881	\$ 4,817	\$ 2,259	\$ 26,906	\$ 685,217

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TOWN OF HARDWICK, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2024

	<u>Capital Roads Fund</u>	<u>Equipment Replacement Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Due from Other Funds	\$ <u>443,102</u>	\$ <u>273,690</u>	\$ <u>716,792</u>
Total Assets	\$ <u><u>443,102</u></u>	\$ <u><u>273,690</u></u>	\$ <u><u>716,792</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Committed	<u>443,102</u>	<u>273,690</u>	<u>716,792</u>
Total Fund Balances	<u>443,102</u>	<u>273,690</u>	<u>716,792</u>
Total Liabilities and Fund Balances	\$ <u><u>443,102</u></u>	\$ <u><u>273,690</u></u>	\$ <u><u>716,792</u></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, 2024

	Capital Roads Fund	Equipment Replacement Fund	<i>Formerly Non-Major Fund</i> Capital Fund	Total
Revenues:				
Investment Income	\$ 10,512	\$ 8,053	\$ 0	\$ 18,565
Total Revenues	<u>10,512</u>	<u>8,053</u>	<u>0</u>	<u>18,565</u>
Expenditures:				
Capital Outlay:				
Public Safety	0	23,000	0	23,000
Highways and Streets	<u>0</u>	<u>532,470</u>	<u>0</u>	<u>532,470</u>
Total Expenditures	<u>0</u>	<u>555,470</u>	<u>0</u>	<u>555,470</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>10,512</u>	<u>(547,417)</u>	<u>0</u>	<u>(536,905)</u>
Other Financing Sources:				
Issuance of Long-term Debt	0	432,000	0	432,000
Transfers In	<u>170,000</u>	<u>170,000</u>	<u>0</u>	<u>340,000</u>
Total Other Financing Sources	<u>170,000</u>	<u>602,000</u>	<u>0</u>	<u>772,000</u>
Net Change in Fund Balances	<u>180,512</u>	<u>54,583</u>	<u>0</u>	<u>235,095</u>
Fund Balances - July 1, 2023, As Previously Presented	262,590	219,107	591,071	1,072,768
Change within Financial Reporting Entity (Non-Major to Major)	<u>0</u>	<u>0</u>	<u>(591,071)</u>	<u>(591,071)</u>
Fund Balances - July 1, 2023, As Adjusted	<u>262,590</u>	<u>219,107</u>	<u>0</u>	<u>481,697</u>
Fund Balances - June 30, 2024	<u>\$ 443,102</u>	<u>\$ 273,690</u>	<u>\$ 0</u>	<u>\$ 716,792</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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Water Base Revenue	\$ 188,652	\$ 186,102	\$ (2,550)
Water Usage Revenue	115,659	82,953	(32,706)
Penalties and Interest	5,500	3,962	(1,538)
Miscellaneous Revenue	3,000	840	(2,160)
<b>Total Revenues</b>	<b>312,811</b>	<b>273,857</b>	<b>(38,954)</b>
<b>Expenses:</b>			
Administration Salaries	69,312	69,312	0
Public Works Salaries	58,734	58,735	(1)
East Hardwick Fire District Operator	0	450	(450)
Sewer Operator Salaries and Benefits	1,288	1,151	137
VLCT/PACIF	1,750	2,677	(927)
Administrative Supplies	3,500	1,807	1,693
Training and Safety	750	605	145
Legal/Audit	8,000	9,945	(1,945)
Professional Services	300	3,320	(3,020)
Utilities	33,798	30,670	3,128
Line Maintenance	7,000	5,767	1,233
Reservoir Maintenance	550	0	550
Administrative Charge	11,624	11,624	0
Pumphouse Maintenance	4,000	822	3,178
Town Equipment Charge	2,000	2,000	0
Hydrants	500	745	(245)
Generators	250	0	250
Communications	2,200	2,577	(377)
Depreciation Expense	100	0	100
Water Testing	1,500	1,425	75
Chlorination	300	0	300
Permit Fees	3,800	3,969	(169)
Minor Repair and Maintenance	600	156	444
Truck Repair and Maintenance	750	0	750
Gasoline	600	1,506	(906)
Debt Principal - Bridgman Hill Reservoir	7,430	7,099	331
Debt Interest/Admin - Bridgman Hill Reservoir	9,075	9,404	(329)
Debt Service - Water Meters	33,100	33,080	20
Capital Account Transfer	50,000	50,000	0
<b>Total Expenses</b>	<b>312,811</b>	<b>308,846</b>	<b>3,965</b>
<b>Net Income/(Loss)</b>	<b>\$ 0</b>	<b>(34,989)</b>	<b>\$ (34,989)</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, 2024

	Actual
Adjustments to Reconcile to GAAP Basis Statements:	
Depreciation	\$ (87,271)
Loss on Disposal of Equipment	(7,526)
Principal Payments on Long-term Debt	40,179
Debt Forgiveness	9,174
Well Replacement Account Income	4,993
Capital Account Income	31,466
Capital Account Expenses	(14,443)
Capital Account Transfer In	50,000
Change in Net Position - Exhibit G	\$ (8,417)

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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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>			
Sewer Base Revenue	\$ 338,642	\$ 333,938	\$ (4,704)
Sewer Usage Revenue	168,772	122,161	(46,611)
Penalties and Interest	8,000	6,261	(1,739)
Miscellaneous Revenue	3,000	0	(3,000)
Transfers In	<u>0</u>	<u>1,920</u>	<u>1,920</u>
<b>Total Revenues</b>	<u>518,414</u>	<u>464,280</u>	<u>(54,134)</u>
<b>Expenses:</b>			
Administration Salaries	69,312	69,312	0
Public Works Salaries	46,987	46,987	0
Sewer Operator Salary	60,200	63,999	(3,799)
Assistant Sewer Operator Salary	4,500	3,100	1,400
Sewer Operator Overtime	10,300	12,895	(2,595)
Health Insurance	26,832	29,502	(2,670)
Dental, Vision, Life/Disability Insurance	1,700	1,529	171
Retirement	4,407	5,115	(708)
Social Security	5,250	5,270	(20)
Worker's Compensation	4,000	3,472	528
Unemployment Insurance	120	79	41
VLCT/PACIF	5,000	5,912	(912)
Administrative Supplies	3,600	1,850	1,750
Uniforms	1,300	2,090	(790)
Training	500	949	(449)
Safety Supplies	750	951	(201)
Legal/Audit	8,000	10,185	(2,185)
Phone and Internet	2,900	2,663	237
Electricity - Plant	37,855	34,589	3,266
Electricity - Lift Station	3,300	2,618	682
Fuel Oil	5,500	4,259	1,241
Alarms	1,000	1,462	(462)
Lab Operations	7,000	4,332	2,668
Process Chemicals	36,000	56,939	(20,939)
Lift Station Maintenance	1,000	0	1,000
Sewer Line Maintenance	4,000	1,545	2,455
Sewer Line Cleaning	5,000	1,530	3,470
Grit Disposal	500	546	(46)
Plant Maintenance	5,500	9,110	(3,610)
Debt Service - Mill Street Bond	1,700	3,771	(2,071)
Administrative Charge	10,251	10,251	0
Town Equipment Charge	2,000	2,000	0

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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, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Professional Services	\$ 500	\$ 0	\$ 500
Licenses and Fees	1,600	1,951	(351)
Truck/Equipment Maintenance	600	54	546
Gasoline/Diesel	600	2,240	(1,640)
Water Charge	350	222	128
Capital Account Transfer	140,000	140,000	0
Total Expenses	519,914	543,279	(23,365)
Net Income/(Loss)	\$ (1,500)	(78,999)	\$ (77,499)
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(71,016)	
Insurance Proceeds - Flood Damage		933,980	
Flood Damage Expenses		(758,670)	
Loss on Disposal of Equipment		(8,167)	
Principal Payments on Long-term Debt		2,300	
Debt Forgiveness - Capital Contributions		522,900	
Change in Accrued Interest Payable		38	
Change in Net Pension Liability - GASB 68		(6,184)	
Capital Account Income		468,906	
Capital Account Expenses		(20,928)	
Capital Account Transfer In		140,000	
Change in Net Position - Exhibit G		\$ 1,124,160	

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TOWN OF HARDWICK, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Treasury</u>				
Passed through State of Vermont Department of Public Safety				
COVID 19- Coronavirus State and Local Fiscal Recovery Funds	21.027	02140-33500-049	\$ 0	\$ 1,130,561
COVID 19- Coronavirus State and Local Fiscal Recovery Funds	21.027	06140-2022-ARPA-VT-367	0	238,491
Total Passed through State of Vermont Dept. of Public Safety			0	1,369,052
Direct Program				
COVID 19- Coronavirus State and Local Fiscal Recovery Funds	21.027		0	14,929
Total U.S. Department of Treasury			0	1,383,981
<u>U.S. Department of Homeland Security</u>				
Passed through State of Vermont Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84720-059	0	87,932
Total U.S. Department of Homeland Security			0	87,932
<u>National Endowment for the Humanities</u>				
Passed through State of Vermont Dept of Libraries				
Grants to States	45.310	01130-LSTA.COURIER.FY24	0	636
Total National Endowment for the Humanities			0	636
<u>U.S. Small Business Administration</u>				
Direct Program:				
Congressional Grants	59.059	N/A	849,648	849,648
Total U.S. Small Business Administration			849,648	849,648
<u>U.S. Department of Justice</u>				
Passed through State of Vermont Department of Public Safety				
Congressionally Recognized Awards	16.753	02140-11024C-109	0	15,090
Direct: Program				
Equitable Sharing Program	16.922	N/A	0	507
Bulletproof Vest Partnership Program	16.607	N/A	0	720
Bulletproof Vest Partnership Program	16.607	N/A	0	572
Total U.S. Department of Justice			0	16,889
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State of Vermont Department of Commerce & Community Development				
Community Development Block Grants	14.228	07110-IG-2018-HARDWICK	0	595,341
Community Development Block Grants	14.228	07110-AM-2019-HARDWICK	0	71,500
Total U.S. Department of Housing and Urban Development			0	666,841



TOWN OF HARDWICK, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Pass through to Subrecipients	Total Federal Expenditures
<u>U.S. Environmental Protection Agency</u>				
Passed through State of Vermont Department of Environmental Conservation				
Clean Water State Revolving Fund	66.458	06140-RF1-275-2.0	\$ 0	\$ 1,987,450
Clean Water State Revolving Fund	66.458	06140-RF1-360	0	20,258
Total Clean Water State Revolving Fund			0	2,007,708
Drinking Water State Revolving Fund	66.468	06140-RF3-517	0	9,842
Total U.S. Environmental Projection Agency			0	2,017,550
<u>U.S. Department of Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction Program	20.205	08100-GR1847	0	12,342
Highway Safety Cluster:				
National Priority Safety Programs (Distracted Driving)	20.616	08100-GR1816	0	4,178
National Priority Safety Programs (Equipment)	20.616	08100-GR1816	0	5,000
Total National Priority Safety Programs			0	9,178
State and Community Highway Safety (OP)	20.600	08100-GR1723	0	6,509
State and Community Highway Safety (DUI)	20.600	08100-GR1723	0	1,226
Total State and Community Highway Safety			0	7,735
Total Highway Safety Cluster			0	16,913
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (OP)	20.608	08100-GR1723	0	763
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (DUI)	20.608	08100-GR1816	0	2,490
Total Minimum Penalties for Repeat Offenders for DUI			0	3,253
Total U.S. Department of Transportation			0	32,508
<u>US Department of Commerce</u>				
Direct Program:				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	11.300	N/A	0	2,625,023
Total U.S. Department of Commerce			0	2,625,023
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Community Facilities Loans and Grants	10.766	N/A	0	150,000
Total U.S. Department of Agriculture			0	150,000
<u>Northern Border Regional Commission</u>				
Direct Program:				
Northern Border Regional Development	90.601	N/A	0	884,683
Northern Border Regional Development	90.601	N/A	0	5,112
Passed Through The Preservation Trust of Vermont				
Northern Border Regional Development	90.601	NBRC19GRF06-VT	0	79,525
Total Northern Border Regional Commission			0	969,320
Total Federal Awards			\$ 849,648	\$ 8,800,328

TOWN OF HARDWICK, VERMONT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

**Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Town of Hardwick, Vermont under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Hardwick Vermont, it is not intended to and does not present the financial position, changes in net position or cash flows.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Hardwick, Vermont, has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

# Sullivan, Powers & Co., P.C.

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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, VT 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, 2024, 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 March 21, 2025. 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 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 entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sullivan, Powers & Co.*

March 21, 2025  
Montpelier, Vermont  
VT Lic. #92-000180

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## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

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

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

We have audited the Town of Hardwick, Vermont's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) "Compliance Supplement" that could have a direct and material effect on each of the Town of Hardwick, Vermont's major federal programs for the year ended June 30, 2024. The Town of Hardwick, Vermont's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Hardwick, Vermont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined previously. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

*Sullivan, Powers & Co.*

March 21, 2025  
Montpelier, Vermont  
VT Lic. #92-000180

TOWN OF HARDWICK, VERMONT  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2024

There were no prior year audit findings noted.



TOWN OF HARDWICK, VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2024

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified:

- Governmental Activities
- General Fund
- Jeudevine Building Fund
- Yellow Barn Fund
- ARPA Fund
- Capital Fund
- Water Fund
- Sewer Fund
- Aggregate Remaining Fund Information

Adverse:

- Business-type Activities
- Electric Fund

Internal Control over Financial Reporting:

Material Weaknesses identified:

None noted.

Significant Deficiencies identified not considered to be material weaknesses:

None noted.

Noncompliance material to financial statements:

None noted.

Federal Awards

Internal Control over Major Programs:

Material Weaknesses identified:

None noted.

Significant Deficiencies identified not considered to be material weaknesses:

None noted.

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

Unmodified.

There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

TOWN OF HARDWICK, VERMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2024

Major Programs:

<u>CFDA #</u>	<u>Program</u>	<u>Federal Agency</u>
21.027	Coronavirus State and Local Fiscal recovery Funds	U.S. Department of Treasury
59.059	Congressional Grants	U.S. Small Business Administration
11.300	Economic Development Cluster	U.S. Department of Commerce
90.601	Northern Border Regional Development	Northern Border Regional Commission

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The auditee did not qualify as a low risk auditee.