

TOWN OF HARDWICK, VERMONT

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

JUNE 30, 2025

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AUDIT REPORT
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Independent Auditor's Report

Selectboard
Town of Hardwick, Vermont
P.O. Box 523
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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, 2025, 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
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, 2025, 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, 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 Capital Fund, the Water Fund, the Sewer Fund, and the aggregate remaining fund information of the Town of Hardwick, Vermont, as of June 30, 2025, 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 2025, the Town adopted new accounting guidance, GASB Statement No. 101, “Compensated Absences”. 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 12, 2026, 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 12, 2026
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

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, 2025. 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, 2025, resulting in a net position of \$30,789,355.
- In Exhibit A, Governmental Activities' net position of \$24,479,640 represents an increase of \$3,051,516 over last year. The increase can be attributed primarily to capital grants.
- In Exhibit A, \$6,309,715 of the net position represents water and sewer fund activities (business funds). This demonstrates an increase of \$115,302 over the previous year.
- In Exhibit A, \$936,946 of the net position is restricted for specific sources such as culture and recreation, community development, and cemetery perpetual care. This is an increase from FY 2024 of \$41,526.
- In Exhibit A, \$1,251,654 of Governmental Activities' net position are unrestricted and may be used for future obligations. This is a decrease of \$341,519 from June 30, 2024.
- In Exhibit A, \$1,518,364 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 \$315,618 from June 30, 2024.

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

- In Exhibit D, total governmental fund balances decreased by \$803,317 from the prior year. The decrease is primarily attributable to the timing of grant-funded expenditures exceeding grant reimbursements received as of year-end in the Library Building Fund and the Yellow Barn Fund.
- In Exhibit D, the General Fund balance decreased by \$145,050 from June 30, 2024. The General Fund balance at the end of FY 2025 was \$594,407.
- In Exhibit D, the Jeudevine Building Fund balance decreased by \$302,908 in FY 2025, resulting in a year-end fund balance of (\$285,828). This temporary deficit reflects the timing of construction expenditures incurred for the library addition and renovation, in advance of related grant reimbursements that had not yet been received as of June 30, 2025, and anticipated donations that are expected to complete funding.
- In Exhibit D, the Capital Fund balance increased by \$90,425 in FY 2025. The total amount in the fund at year end was \$691,939. The town sets funds aside annually for capital investments. This increase is a result of not spending all that was set aside, as we build the balance for future purchases.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

- In Exhibit D, the Non-Major Governmental Funds increased by \$23,785 in FY 2025. The total amount in those funds at year end was \$1,614,371. This was due to intergovernmental charges for services and investment income.
- In Exhibit F, the Water Fund ended the fiscal year with a net position balance of \$2,942,410, which represented an increase of \$6,960. \$2,064,879 represents the Town's net investment in capital assets. The cash balance due from the General Account at year end was \$798,397, which was an increase of \$50,383. A total of \$877,531 of net position is unrestricted with \$179,813 set aside for well replacement, \$577,764 set aside for water capital projects, and the remaining \$119,954 available for operations.
- In Exhibit F, the Sewer Fund ended the fiscal year with a net position balance of \$3,367,305, an increase of \$108,342 from the previous year. \$2,726,472 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 \$626,631 which was an increase of \$212,900. A total of \$640,833 of net position is unrestricted with \$529,259 set aside for capital projects and the remaining \$111,574 available for operations.

OVERVIEW OF THE TOWN'S FINANCIAL STATEMENTS

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

Government-wide Financial Statements (Exhibits A&B)

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

- **Statement of Net Position** - This statement presents information on all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between 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, 2025

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	
	FY2025	FY2024	FY 2025	FY 2024	FY 2025	FY 2024
Current and Other Assets	\$ 5,146,103	\$ 5,044,640	\$ 1,761,114	\$ 1,635,871	\$ 6,907,217	\$ 6,680,511
Capital Assets	<u>24,204,266</u>	<u>20,999,860</u>	<u>8,018,930</u>	<u>9,752,437</u>	<u>32,223,196</u>	<u>30,752,297</u>
Total Assets	<u>29,350,369</u>	<u>26,044,500</u>	<u>9,780,044</u>	<u>11,388,308</u>	<u>39,130,413</u>	<u>37,432,808</u>
Deferred Outflows of Resources	<u>268,088</u>	<u>330,919</u>	<u>12,291</u>	<u>17,052</u>	<u>280,379</u>	<u>347,971</u>
Current Liabilities	1,986,003	1,667,093	201,743	389,158	2,187,746	2,056,251
Long-Term Liabilities	<u>3,034,114</u>	<u>3,169,634</u>	<u>3,275,602</u>	<u>3,124,899</u>	<u>6,309,716</u>	<u>6,294,533</u>
Total Liabilities	<u>5,020,117</u>	<u>4,836,727</u>	<u>3,477,345</u>	<u>3,514,057</u>	<u>8,497,462</u>	<u>8,350,784</u>
Deferred Inflows of Resources	<u>118,700</u>	<u>110,568</u>	<u>5,275</u>	<u>5,585</u>	<u>123,975</u>	<u>116,153</u>
Net Position						
Net Investment in Capital Assets	22,291,040	18,939,531	4,791,351	4,991,667	27,082,391	23,931,198
Restricted	936,946	895,420	0	0	936,946	895,420
Unrestricted	<u>1,251,654</u>	<u>1,593,173</u>	<u>1,518,364</u>	<u>1,202,746</u>	<u>2,770,018</u>	<u>2,795,919</u>
Total Net Position	<u>\$ 24,479,640</u>	<u>\$ 21,428,124</u>	<u>\$ 6,309,715</u>	<u>\$ 6,194,413</u>	<u>\$ 30,789,355</u>	<u>\$ 27,622,537</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 2025. This is an increase of \$3,166,818 from the previous year. This means the financial strength of the Town increased by that amount during the year.

The Town's net position is mostly made up of its investment in capital assets (\$27,082,391). These assets are used to provide services to its citizens (e.g., land, buildings, equipment, and infrastructure). These are not available for future spending.

**TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

A portion of net position (\$936,946) is restricted to future use, such as for revolving loans, community development, and cemetery expenses. The remaining net position (\$2,770,018) 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		Business-Type		Total	
	Activities		Activities			
	FY 2025	FY 2024	FY 2025	FY 2024	FY 2025	FY 2024
REVENUES						
Charges for Service	\$ 103,098	\$ 82,949	\$ 887,576	\$ 736,217	\$ 990,674	\$ 819,166
Operating Grants and Contributions	1,170,105	1,992,766	90,832	9,174	1,260,937	2,001,940
Capital Grants and Contributions	3,274,442	9,643,529	85,124	972,720	3,359,566	10,616,249
Property Taxes	3,055,666	2,740,532	0	0	3,055,666	2,740,532
Payments in Lieu of Taxes	153,391	204,949	0	0	153,391	204,949
Penalty and Interest on Delinquent Accounts	42,087	22,617	0	0	42,087	22,617
General State Grants	187,682	176,485	0	0	187,682	176,485
ARPA Funds	0	14,930	0	0	0	14,930
Unrestricted Investment Earnings	129,463	110,941	37,329	26,051	166,792	136,992
Insurance Proceeds	4,786	101,206	90,821	963,474	95,607	1,064,680
Other Revenues	24,959	1,676	0	0	24,959	1,676
Gain on Sale of Property	75,000	0	0	0	75,000	0
Gain on Sale of Equipment	175	395	0	0	175	395
Transfer from Hardwick Cemetery	0	88,210	0	0	0	88,210
Transfer from Fairview Cemetery	23,001	28,819	0	0	23,001	28,819
Total Revenues	8,243,855	15,210,004	1,191,682	2,707,636	9,435,537	17,917,640
EXPENDITURES						
General Government	1,647,694	1,962,692	0	0	1,647,694	1,962,692
Public Safety	1,199,664	1,139,635	0	0	1,199,664	1,139,635
Highways and Streets	1,895,074	1,791,651	0	0	1,895,074	1,791,651
Culture and Recreation	309,773	271,218	0	0	309,773	271,218
Community Development	10,447	36,068	0	0	10,447	36,068
Cemetery	68,975	31,563	0	0	68,975	31,563
Interest on Long-Term Debt	60,712	73,643	0	0	60,712	73,643
Water	0	0	390,310	327,907	390,310	327,907
Sewer	0	0	686,070	1,263,986	686,070	1,263,986
Total Expenditures	5,192,339	5,306,470	1,076,380	1,591,893	6,268,719	6,898,363
Changes in Net Position	3,051,516	9,903,534	115,302	1,115,743	3,166,818	11,019,277
Net Position - Beginning of Year	21,428,124	11,524,590	6,194,413	5,078,670	27,622,537	16,603,260
Net Position - End of Year	<u>\$ 24,479,640</u>	<u>\$ 21,428,124</u>	<u>\$ 6,309,715</u>	<u>\$ 6,194,413</u>	<u>\$ 30,789,355</u>	<u>\$ 27,622,537</u>

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Governmental activities (Exhibit B): Governmental activities increased the Town's net position by \$3,051,516 in FY 2025. This increase can be attributed primarily to capital grants.

Business-type activities (Exhibit G): Business-type activities increased the Town's net position by \$115,302. This increase was primarily due to an insurance payout and investment earnings.

The Water Fund had an operational loss of \$7,799 and an increase in net position of \$6,960. This was primarily due to depreciation expense.

The Sewer Fund had operational income of \$46,507 and an increase in net position of \$108,342. The operating income reflects revenues exceeding operating expenses during the year. The increase in net position was due to debt forgiveness and the net income contribution from operating.

Financial Analysis of Major Governmental Funds

General Fund

The General Fund balance decreased by \$145,050 during FY 2025. The total fund balance at year end was \$594,407. Of that amount, \$27,447 is non-spendable inventory and prepaid items. The Town had voted to use \$50,000 of the fund balance for FY 2025 to offset any tax rate increase. Revenues for FY 2025 were lower than FY 2024 by \$6,966,149, primarily due to the non-recurrence of grant revenues, one-time revenues related to cemetery association transfers, and insurance proceeds recognized in the prior year. The Town was \$682,331 over budget in revenues, primarily due to grant income, FEMA reimbursements, investment income, and proceeds from the sale of property.

Expenditures were \$633,884 over budget. The July 2024 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 FY 2025 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 (\$285,828). The negative balance is due to grant reimbursements not yet received as of year-end and anticipated donations that are expected to complete funding.

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 is expected to be paid back to the Loan Fund (with interest) through new market tax credits at the completion of the project. There are also grant revenues not yet collected that increased the deficit.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Capital Assets

The Town of Hardwick's net investment in capital assets for its governmental and business-type activities as of June 30, 2025, totaled \$22,291,040 and \$4,791,351 respectively, (net of Accumulated Depreciation and Related Debt). This is an increase of \$3,351,509 over last year for governmental activities and a decrease of \$200,316 for business-type activities over last year. These assets include land, buildings/improvements, roads and bridges, vehicles, machinery and equipment and water/sewer distribution and collection systems.

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

- A new Ford Interceptor (Police Dept.)
- Upgrade to the West Hill Radio Repeater System (Police Dept.)

- Purchase of a used 105' Ladder truck (Fire Dept.)
- Paving of Belfry Rd., Center Rd., Stannard Mtn Rd., N Main St., and Vermont Ave

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

- Completion of the wastewater Treatment Facility upgrade project
- New pump for Lift Station (Sewer Dept.)

Debt Administration

As of June 30, 2025, 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 \$133,330
- A fire truck purchase (2021) with an outstanding debt balance of \$219,996
- Mackville Road Improvements with an outstanding debt balance of \$165,000
- Library Expansion Bond with an outstanding debt balance of \$522,500
- Gravel Pit Purchase Bond with an outstanding debt balance of \$475,000
- Loader and Grader purchase with an outstanding debt balance of \$397,400

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 \$727,771. 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 \$287,370. The 100% forgivable note is to complete the required lead service inventory for all of our water connections. We used \$49,246 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, 2025

The **Sewer Fund** has two bonds outstanding and one 100% forgivable note through the Clean Water State Revolving Fund. One bond is through the USDA and was used to fund sewer line improvements on Mill Street. The outstanding balance as of June 30, 2025, was \$32,200. The second bond is through the Clean Water State Revolving Loan Fund for upgrading the wastewater treatment facility. The total outstanding is \$2,180,238 at year end. Planning costs were subsidized at 50% and the construction will be subsidized at about 40% of the total project cost. The 100% forgivable note is to complete a feasibility study for relocating or raising the wastewater plant away from future flooding. We used \$41,586 of those funds, and the entire balance will be forgiven.

Economic Factors and Next Year's Budgets and Rates

At the close of FY 2025, the Town used \$145,050 of fund balance, compared to the \$50,000 originally anticipated. Despite the higher-than-planned use, the Town maintained a healthy fund balance, which proved critical when severe flooding impacted the community for the second time in two years in July 2024. The availability of fund balance allowed the Town to make immediate temporary repairs to reopen roads and restore wastewater operations without short-term borrowing.

As of June 30, 2025, the General Fund balance totaled \$594,407, or approximately 13% of the FY 2026 Town budget. While below the Town's adopted target of 15%, the fund balance continues to function as an essential financial reserve for unforeseen events, budgetary pressures, and emergencies. The Town expects to receive FEMA reimbursement for approximately 75% of eligible costs associated with the July 2024 flooding, which will help replenish reserves in future periods.

The FY 2026 budget approved by voters totals \$4,417,753 (excluding appropriations), representing a 9.95% increase over FY 2025. Although the Town historically aimed for annual increases of 3–4%, rising costs related to materials, equipment, fuel, salt, flood recovery, and collectively bargained wages and benefits have made this target increasingly difficult to maintain. The Town continues to balance cost containment with the need to retain staff, maintain infrastructure, and plan for future capital investments.

During FY 2025 and into the early months of FY 2026, the Town continued work on permanent repairs to infrastructure damaged by the 2023 and 2024 flooding events, including design and engineering work for projects expected to be bid in FY 2026. Reimbursements related to the 2023 flooding were largely received during FY 2025, with remaining large projects reimbursed as costs are incurred. These reimbursements helped offset expenses from the July 2024 flooding.

Major projects completed during the year include the Jeudevine Library expansion, the Hardwick Yellow Barn Business Accelerator (HYBBA), and final upgrades to the wastewater treatment facility. Work also continues on replacing the pedestrian bridge, which was delayed due to flood damage to the supporting retaining wall.

The Town's Highway Garage has reached the end of its useful life. As a result, the Town initiated a feasibility study for an Essential Services Complex on Creamery Road to replace the garage, relocate the Fire Station out of the floodplain, and potentially co-locate Hardwick Rescue.

TOWN OF HARDWICK, VERMONT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Looking ahead, the Town will continue to prioritize climate resiliency in infrastructure planning and investment. Repeated flooding events have reinforced the importance of strengthening stormwater systems, bridges, and roadways, and advancing hazard mitigation efforts. Over the coming years, the Town expects to focus on flood recovery, resiliency projects, bridge replacements, and long-term planning for essential public safety and public works facilities.

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, 2025

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 4,986,070	\$ 0	\$ 4,986,070
Investments	10,093	0	10,093
Receivables (Net of Allowance for Uncollectibles)	1,417,517	323,971	1,741,488
Loans Receivable (Net of Allowance for Uncollectibles)	130,004	0	130,004
Internal Balances	(1,425,028)	1,425,028	0
Prepaid Expenses	4,013	0	4,013
Inventory	23,434	12,115	35,549
Capital Assets:			
Land	272,677	80,741	353,418
Construction in Progress	4,674,009	0	4,674,009
Other Capital Assets, (Net of Accumulated Depreciation)	19,257,580	7,938,189	27,195,769
Total Assets	<u>29,350,369</u>	<u>9,780,044</u>	<u>39,130,413</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS	268,088	12,291	280,379
Total Deferred Outflows of Resources	<u>268,088</u>	<u>12,291</u>	<u>280,379</u>
<u>LIABILITIES</u>			
Accounts Payable	946,656	4,704	951,360
Accrued Payroll and Benefits Payable	89,953	2,186	92,139
Unearned Revenue	924,416	186,239	1,110,655
Accrued Interest Payable	24,978	8,614	33,592
Noncurrent Liabilities:			
Due within One Year	171,065	140,436	311,501
Due in More than One Year	2,863,049	3,135,166	5,998,215
Total Liabilities	<u>5,020,117</u>	<u>3,477,345</u>	<u>8,497,462</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Prepaid Property Taxes	4,096	0	4,096
Deferred Inflows of Resources Related to the Town's Participation in VMERS	114,604	5,275	119,879
Total Deferred Inflows of Resources	<u>118,700</u>	<u>5,275</u>	<u>123,975</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	22,291,040	4,791,351	27,082,391
Restricted:			
Non-Expendable:			
Cemetery	167,674	0	167,674
Expendable:			
Community Development	624,139	0	624,139
Other	145,133	0	145,133
Unrestricted	1,251,654	1,518,364	2,770,018
Total Net Position	<u>\$ 24,479,640</u>	<u>\$ 6,309,715</u>	<u>\$ 30,789,355</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, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General Government	\$ 1,647,694	\$ 53,308	\$ 564,525	\$ 200,000	\$ (829,861)	\$ 0	\$ (829,861)
Public Safety	1,199,664	15,865	30,107	0	(1,153,692)	0	(1,153,692)
Highways and Streets	1,895,074	17,100	528,906	31,141	(1,317,927)	0	(1,317,927)
Culture and Recreation	309,773	3,522	31,086	2,064,152	1,788,987	0	1,788,987
Community Development	10,447	5,503	15,481	979,149	989,686	0	989,686
Cemetery	68,975	7,800	0	0	(61,175)	0	(61,175)
Interest on Long-term Debt	60,712	0	0	0	(60,712)	0	(60,712)
Total Governmental Activities	5,192,339	103,098	1,170,105	3,274,442	(644,694)	0	(644,694)
Business-type Activities:							
Water	390,310	325,082	49,246	0	0	(15,982)	(15,982)
Sewer	686,070	562,494	41,586	85,124	0	3,134	3,134
Total Business-type Activities	1,076,380	887,576	90,832	85,124	0	(12,848)	(12,848)
Total Primary Government	\$ 6,268,719	\$ 990,674	\$ 1,260,937	\$ 3,359,566	(644,694)	(12,848)	(657,542)
General Revenues:							
Property Taxes					3,055,666	0	3,055,666
Penalties and Interest on Delinquent Taxes					42,087	0	42,087
Payments in Lieu of Taxes					153,391	0	153,391
General State Grants					187,682	0	187,682
Unrestricted Investment Earnings					129,463	37,329	166,792
Insurance Proceeds					4,786	90,821	95,607
Gain on Sale of Property					75,000	0	75,000
Gain on Sale of Equipment					175	0	175
Transfer from Fairview Cemetery Association					23,001	0	23,001
Other Revenues					24,959	0	24,959
Total General Revenues					3,696,210	128,150	3,824,360
Change in Net Position					3,051,516	115,302	3,166,818
Net Position - July 1, 2024					21,428,124	6,194,413	27,622,537
Net Position - June 30, 2025					\$ 24,479,640	\$ 6,309,715	\$ 30,789,355

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

TOWN OF HARDWICK, VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Jeudevine Building Fund	Yellow Barn Fund	Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 4,695,864	\$ 0	\$ 0	\$ 0	\$ 290,206	\$ 4,986,070
Investments	0	0	0	0	10,093	10,093
Receivables	675,622	244,430	469,569	27,584	312	1,417,517
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	0	0	130,004	130,004
Due from Other Funds	0	0	0	752,403	1,339,329	2,091,732
Prepaid Items	4,013	0	0	0	0	4,013
Inventory	23,434	0	0	0	0	23,434
Total Assets	\$ <u>5,398,933</u>	\$ <u>244,430</u>	\$ <u>469,569</u>	\$ <u>779,987</u>	\$ <u>1,769,944</u>	\$ <u>8,662,863</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 78,269	\$ 331,395	\$ 474,848	\$ 51,731	\$ 10,413	\$ 946,656
Accrued Payroll and Benefits Payable	87,558	0	0	0	2,395	89,953
Due to Other Funds	3,310,889	16,654	189,217	0	0	3,516,760
Unearned Revenue	900,324	0	0	11,331	12,761	924,416
Total Liabilities	<u>4,377,040</u>	<u>348,049</u>	<u>664,065</u>	<u>63,062</u>	<u>25,569</u>	<u>5,477,785</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Prepaid Property Taxes	4,096	0	0	0	0	4,096
Unavailable Property Taxes, Penalties and Interest	171,000	0	0	0	0	171,000
Unavailable Grants	252,390	182,209	469,569	24,986	0	929,154
Unavailable Loans Receivable	0	0	0	0	130,004	130,004
Total Deferred Inflows of Resources	<u>427,486</u>	<u>182,209</u>	<u>469,569</u>	<u>24,986</u>	<u>130,004</u>	<u>1,234,254</u>
<u>FUND BALANCES/(DEFICIT)</u>						
Nonspendable	27,447	0	0	0	167,674	195,121
Restricted	0	0	0	30,953	608,315	639,268
Committed	0	0	0	660,986	747,517	1,408,503
Assigned	0	0	0	0	90,865	90,865
Unassigned/(Deficit)	566,960	(285,828)	(664,065)	0	0	(382,933)
Total Fund Balances/(Deficit)	<u>594,407</u>	<u>(285,828)</u>	<u>(664,065)</u>	<u>691,939</u>	<u>1,614,371</u>	<u>1,950,824</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>5,398,933</u>	\$ <u>244,430</u>	\$ <u>469,569</u>	\$ <u>779,987</u>	\$ <u>1,769,944</u>	
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital Assets Used in Governmental Activities are not Financial Resources and, Therefore, are not Reported in the Funds.						24,204,266
Other Assets are not Available to Pay for Current-Period Expenditures, and, Therefore, are Deferred in the Funds.						1,230,158
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.						(3,059,092)
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.						153,484
Net Position of Governmental Activities						\$ <u>24,479,640</u>

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

TOWN OF HARDWICK, VERMONT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Jeudevine Building Fund	Yellow Barn Fund	Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 2,968,666	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,968,666
Penalties and Interest on Delinquent Taxes	42,087	0	0	0	0	42,087
Payments in Lieu of Taxes	153,391	0	0	0	0	153,391
Intergovernmental	978,285	1,300,951	509,580	631,078	61,561	3,481,455
Charges for Services	334,526	0	0	0	7,800	342,326
Permits, Licenses and Fees	38,971	0	0	0	6,736	45,707
Fines and Forfeits	6,925	0	0	0	0	6,925
Loan Repayments	0	0	0	0	59,666	59,666
Loan Interest Income	0	0	0	0	5,503	5,503
Investment Income	61,362	7,286	0	18,303	42,512	129,463
Donations	1,000	529,075	0	10,132	4,634	544,841
Opioids Settlement	0	0	0	0	15,481	15,481
Other	24,959	0	0	0	3,522	28,481
Total Revenues	<u>4,610,172</u>	<u>1,837,312</u>	<u>509,580</u>	<u>659,513</u>	<u>207,415</u>	<u>7,823,992</u>
Expenditures:						
General Government	1,071,355	0	0	574,446	121,473	1,767,274
Public Safety	1,072,368	0	0	0	0	1,072,368
Highways and Streets	1,551,857	0	0	19,408	10,120	1,581,385
Culture and Recreation	26,307	45,034	0	20,186	176,834	268,361
Community Development	0	0	0	0	22,947	22,947
Cemetery	24,565	0	0	0	44,410	68,975
Capital Outlay:						
General Government	31,342	0	0	48,392	0	79,734
Public Safety	46,766	0	0	4,058	324,022	374,846
Highways and Streets	27,574	0	0	2,598	183,121	213,293
Culture and Recreation	4,000	2,095,186	0	0	0	2,099,186
Community Development	0	0	979,149	0	0	979,149
Debt Service:						
Principal	147,103	0	0	0	0	147,103
Interest	62,650	0	0	0	0	62,650
Total Expenditures	<u>4,065,887</u>	<u>2,140,220</u>	<u>979,149</u>	<u>669,088</u>	<u>882,927</u>	<u>8,737,271</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>544,285</u>	<u>(302,908)</u>	<u>(469,569)</u>	<u>(9,575)</u>	<u>(675,512)</u>	<u>(913,279)</u>
Other Financing Sources/(Uses):						
Insurance Proceeds	4,786	0	0	0	0	4,786
Proceeds from Sale of Property	75,000	0	0	0	0	75,000
Proceeds from Sale of Equipment	175	0	0	0	0	175
Proceeds from Sale of Vehicle	0	0	0	0	7,000	7,000
Transfer from Fairview Cemetery Association	0	0	0	0	23,001	23,001
Transfers In	0	0	0	100,000	669,296	769,296
Transfers Out	<u>(769,296)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(769,296)</u>
Total Other Financing Sources/(Uses)	<u>(689,335)</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>699,297</u>	<u>109,962</u>
Net Change in Fund Balances	(145,050)	(302,908)	(469,569)	90,425	23,785	(803,317)
Fund Balances/(Deficit) - July 1, 2024	<u>739,457</u>	<u>17,080</u>	<u>(194,496)</u>	<u>601,514</u>	<u>1,590,586</u>	<u>2,754,141</u>
Fund Balances/(Deficit) - June 30, 2025	<u>\$ 594,407</u>	<u>\$ (285,828)</u>	<u>\$ (664,065)</u>	<u>\$ 691,939</u>	<u>\$ 1,614,371</u>	<u>\$ 1,950,824</u>

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

TOWN OF HARDWICK, VERMONT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025

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)	\$	(803,317)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$3,746,208) is allocated over their estimated useful lives and reported as depreciation expense (\$560,587). This is the amount by which capital outlays exceeded depreciation in the current period.		3,185,621
The net effect of various transactions involving capital assets (i.e., sales and losses on disposal of assets) is to decrease net position.		(29,500)
The effect of donated capital assets is to increase net position. The Northeast Kingdom Development Corporation (NEKDC) renovated the Hardwick Yellow Barn on behalf of the Town.		48,285
The issuance of long-term debt (\$0-) (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (\$147,103) 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.		147,103
The issuance of loans receivable (\$12,500) consumes current financial resources of governmental funds, while the repayment of the principal of loans receivable (\$59,666) 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.		(47,166)
Governmental funds report employer pension contributions as expenditures (\$119,708). However, in the statement of activities, the cost of pension benefits earned net of employee contributions (\$152,294) is reported as pension expense. This amount is the net effect of the differences in the treatment of pension expense.		(32,586)
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.		629,167
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>(46,091)</u>
Change in net position of governmental activities (Exhibit B)	\$	<u><u>3,051,516</u></u>

The General Fund charges the Water Fund and Sewer Fund for administrative expenses. These charges, totaling \$300,885, 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, 2025

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Current Assets:			
Receivables (Net of Allowance for Uncollectibles)	\$ 83,492	\$ 240,479	\$ 323,971
Due from Other Funds	798,397	626,631	1,425,028
Inventory	5,350	6,765	12,115
Total Current Assets	887,239	873,875	1,761,114
Noncurrent Assets:			
Land	42,246	38,495	80,741
Buildings and Building Improvements	73,292	3,922,372	3,995,664
Vehicles, Machinery and Equipment	74,939	155,741	230,680
Distribution and Collection Systems	4,170,673	5,922,740	10,093,413
Less: Accumulated Depreciation	(1,281,130)	(5,100,438)	(6,381,568)
Total Noncurrent Assets	3,080,020	4,938,910	8,018,930
Total Assets	3,967,259	5,812,785	9,780,044
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources Related to the Town's Participation in VMERS			
	0	12,291	12,291
Total Deferred Outflows of Resources	0	12,291	12,291
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	4,143	561	4,704
Accrued Payroll and Benefits Payable	0	2,186	2,186
Unearned Revenue	4,773	181,466	186,239
Accrued Interest Payable	792	7,822	8,614
Compensated Absences Payable - Current Portion	0	1,719	1,719
General Obligation Bonds Payable - Current Portion	40,962	97,755	138,717
Total Current Liabilities	50,670	291,509	342,179
Noncurrent Liabilities:			
Net Pension Liability	0	46,304	46,304
General Obligation Bonds Payable - Noncurrent Portion	974,179	2,114,683	3,088,862
Total Noncurrent Liabilities	974,179	2,160,987	3,135,166
Total Liabilities	1,024,849	2,452,496	3,477,345
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources Related to the Town's Participation in VMERS			
	0	5,275	5,275
Total Deferred Inflows of Resources	0	5,275	5,275
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,064,879	2,726,472	4,791,351
Unrestricted	877,531	640,833	1,518,364
Total Net Position	\$ 2,942,410	\$ 3,367,305	\$ 6,309,715

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, 2025

	Water Fund	Sewer Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for Services	\$ 319,994	\$ 554,534	\$ 874,528
Penalties and Interest	4,372	7,960	12,332
Other Income	716	0	716
	<u> </u>	<u> </u>	<u> </u>
Total Operating Revenues	325,082	562,494	887,576
Operating Expenses:			
Administration Salaries	82,000	82,000	164,000
Salaries and Benefits	62,946	170,264	233,210
Administrative Charge	11,934	10,529	22,463
Administrative Supplies	2,879	2,753	5,632
Insurances	2,059	4,714	6,773
Town Equipment Charge	2,000	2,000	4,000
Legal/Audit	10,509	10,509	21,018
Communications	2,514	2,063	4,577
Utilities	28,755	33,980	62,735
Repairs and Maintenance	27,621	10,861	38,482
Permits and Testing	5,271	6,171	11,442
Chemicals	0	40,315	40,315
Depreciation	88,908	137,016	225,924
Other Operating Expenses	5,485	2,812	8,297
	<u> </u>	<u> </u>	<u> </u>
Total Operating Expenses	332,881	515,987	848,868
Operating Income/(Loss)	<u>(7,799)</u>	<u>46,507</u>	<u>38,708</u>
Non-Operating Revenues/(Expenses):			
Debt Forgiveness	49,246	41,586	90,832
Insurance Proceeds	0	90,821	90,821
Service Line Inventory Expenses	(48,578)	0	(48,578)
Wastewater Treatment Facility Relocation Study Expenses	0	(21,328)	(21,328)
Flood Damage Expenses	0	(94,676)	(94,676)
Investment Income	22,942	14,387	37,329
Interest Expense	(8,851)	(54,079)	(62,930)
	<u> </u>	<u> </u>	<u> </u>
Total Non-Operating Revenues/(Expenses)	14,759	(23,289)	(8,530)
Net Income Before Capital Contributions	6,960	23,218	30,178
Capital Contributions - Debt Forgiveness	<u>0</u>	<u>85,124</u>	<u>85,124</u>
Change in Net Position	6,960	108,342	115,302
Net Position - July 1, 2024	<u>2,935,450</u>	<u>3,258,963</u>	<u>6,194,413</u>
Net Position - June 30, 2025	<u>\$ 2,942,410</u>	<u>\$ 3,367,305</u>	<u>\$ 6,309,715</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, 2025

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 317,803	\$ 537,144	\$ 854,947
Payments for Goods and Services	(81,898)	(114,789)	(196,687)
Payments for Interfund Services	(157,280)	(143,605)	(300,885)
Payments for Wages and Benefits	(1,600)	(123,927)	(125,527)
Net Cash Provided by Operating Activities	<u>77,025</u>	<u>154,823</u>	<u>231,848</u>
Cash Flows From Noncapital Financing Activities:			
Issuance of Long-term Debt	49,246	41,586	90,832
FEMA Reimbursement	0	181,466	181,466
Service Line Inventory Expenses	(49,246)	0	(49,246)
Wastewater Treatment Facility Relocation Study Expenses	0	(28,680)	(28,680)
Flood Damage Expenses	0	(136,224)	(136,224)
Decrease/(Increase) in Due from Other Funds	(50,383)	(212,900)	(263,283)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(50,383)</u>	<u>(154,752)</u>	<u>(205,135)</u>
Cash Flows From Capital and Related Financing Activities:			
Issuance of Long-term Debt	0	324,420	324,420
Proceeds from Capital Grants	0	262,302	262,302
Acquisition and Construction of Capital Assets	0	(458,445)	(458,445)
Principal Paid on Long-term Debt	(40,733)	(95,883)	(136,616)
Interest Paid on Long-term Debt	(8,851)	(46,852)	(55,703)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(49,584)</u>	<u>(14,458)</u>	<u>(64,042)</u>
Cash Flows From Investing Activities:			
Receipt of Interest and Dividends	<u>22,942</u>	<u>14,387</u>	<u>37,329</u>
Net Cash Provided by Investing Activities	<u>22,942</u>	<u>14,387</u>	<u>37,329</u>
Net Increase in Cash	0	0	0
Cash - July 1, 2024	<u>0</u>	<u>0</u>	<u>0</u>
Cash - June 30, 2025	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income/(Loss)	\$ (7,799)	\$ 46,507	\$ 38,708
Depreciation	88,908	137,016	225,924
(Increase)/Decrease in Receivables	(9,038)	(25,350)	(34,388)
(Increase)/Decrease in Inventory	0	947	947
(Increase)/Decrease in Deferred Outflows of Resources Related to the Town's Participation in VMERS	0	4,761	4,761
Increase/(Decrease) in Accounts Payable	2,860	(1,558)	1,302
Increase/(Decrease) in Accrued Payroll and Benefits Payable	0	221	221
Increase/(Decrease) in Unearned Revenue	2,094	0	2,094
Increase/(Decrease) in Net Pension Liability	0	(7,411)	(7,411)
Increase/(Decrease) in Deferred Inflows of Resources Related to the Town's Participation in VMERS	0	(310)	(310)
Net Cash Provided by Operating Activities	<u>\$ 77,025</u>	<u>\$ 154,823</u>	<u>\$ 231,848</u>

The Water Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$49,246.

The Sewer Fund recognized a forgiveness of debt from the State of Vermont in the amounts of \$126,710.

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

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

TOWN OF HARDWICK, VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

	<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, 2025

	Custodial Fund Education Tax Fund
<u>ADDITIONS</u>	
Education Taxes Collected for Other Governments	\$ <u>3,359,479</u>
Total Additions	<u>3,359,479</u>
<u>DEDUCTIONS</u>	
Education Taxes Distributed to Other Governments	<u>3,359,479</u>
Total Deductions	<u>3,359,479</u>
Change in Net Position	0
Net Position - July 1, 2024	<u>0</u>
Net Position - June 30, 2025	\$ <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, 2025

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, 2025

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.

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.

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

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025

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 – Compensated Absences

Effective June 30, 2025, the Town implemented GASB Statement No. 101, “Compensated Absences”. GASB Statement No. 101 is intended to improve consistency and enhance the accounting and financial reporting for compensated absences. It establishes a unified model for recognizing liabilities related to both unused and used-but-unpaid leave, based on updated recognition and measurement guidance. In addition, this statement provides clearer definitions and requirements for when and how compensated absences should be reported. The implementation of this Standard did not affect net position/fund balances as of July 1, 2024.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025

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. Leases

Lessee: The Town recognizes lease liabilities and a right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The Town recognizes lease liabilities with an initial, individual value deemed material. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term debt in the government-wide and proprietary fund financial statements.

Lessor: The Town recognizes a lease receivable and a deferred inflows of resources in both the government-wide and fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable. Subsequently, the deferred inflows of resources is recognized as revenue on a straight-line basis over the term of the lease. Lease receivables in excess of the related deferred inflows of resources are reported as nonspendable fund balances of governmental funds in the fund financial statements as these are not in spendable form.

8. Capital Assets

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

TOWN OF HARDWICK, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

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.

9. 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.

10. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused leave time. The accrual for unused compensated absences time, 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.

11. 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 funds use the current financial resources measurement focus and only include current liabilities on their balance sheets.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

12. 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, 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.

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.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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 and transfers.

B. Budgeted Deficit

The Town budgeted a current year’s deficiency of revenues over expenditures in the General Fund in the amount of \$50,000 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, 2025, expenditures in the General Fund exceeded appropriations by \$633,884. These over-expenditures were funded by excess revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town’s cash and investments as of June 30, 2025 consisted of the following:

Cash:	
Deposits with Financial Institutions	\$4,985,670
Cash on Hand	<u> 400</u>
Total Cash	4,986,070
Investments:	
Certificates of Deposit	<u> 10,093</u>
Total Cash and Investments	<u>\$4,996,163</u>

The Town has three (3) certificates of deposit with Community Bank, N.A. ranging from \$1,260 to \$5,709 with interest rates of 0.25%. All certificates of deposit mature during fiscal year 2026.

TOWN OF HARDWICK, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

Custodial Credit Risk

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

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 260,093	\$ 260,093
Uninsured, Collateralized by Irrevocable Stand-by Letter of Credit by the Federal Home Loan Bank of Boston	<u>4,735,670</u>	<u>4,908,261</u>
Total	<u>\$4,995,763</u>	<u>\$5,168,354</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	\$4,985,670
Investments – Certificates of Deposit	<u>10,093</u>
Total	<u>\$4,995,763</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.

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025 as reported in the statement of net position, net of applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities	Total
Delinquent Taxes Receivable	\$ 269,287	\$ 0	\$ 269,287
Penalties and Interest Receivable	31,892	0	31,892
Grants Receivable	1,018,876	0	1,018,876
Insurance Receivable	0	90,821	90,821
Accounts Receivable	54,340	0	54,340
Due from Hardwick Electric Department	43,122	0	43,122
Billed Services	0	27,874	27,874
Unbilled Services	0	215,276	215,276
Allowance for Doubtful Accounts - Water/Sewer	0	(10,000)	(10,000)
Total	\$ 1,417,517	\$ 323,971	\$ 1,741,488

C. Loans Receivable

Loans receivable as of June 30, 2025 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

TOWN OF HARDWICK, VERMONT
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Loans Receivable, 7 Small Business Loans, Monthly Principal and Interest Payments Required, Interest Ranging from 2.25% to 4.50%, Various Due Dates, Secured by Business Assets and Personal Guarantees	<u>\$ 130,004</u>
Total	1,542,824
Less: Allowance for Doubtful Loans Receivable	<u>(1,412,820)</u>
Reported Value as of June 30, 2025	<u>\$ 130,004</u>

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

<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Payments/ Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>
<u>\$1,589,990</u>	<u>\$12,500</u>	<u>\$59,666</u>	<u>\$1,542,824</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 272,677	\$ 0	\$ 0	\$ 272,677
Construction in Progress	<u>13,266,506</u>	<u>3,276,575</u>	<u>11,869,072</u>	<u>4,674,009</u>
Total Capital Assets, Not Being Depreciated	<u>13,539,183</u>	<u>3,276,575</u>	<u>11,869,072</u>	<u>4,946,686</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,905,033	11,869,072	0	13,774,105
Vehicles	2,200,442	224,762	228,363	2,196,841
Machinery and Equipment	1,290,931	95,818	0	1,386,749
Roads, Bridges and Sidewalks	6,534,451	197,338	0	6,731,789
Gravel Pit	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>500,000</u>
Totals	<u>12,430,857</u>	<u>12,386,990</u>	<u>228,363</u>	<u>24,589,484</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	729,039	42,154	0	771,193
Vehicles	935,262	133,176	198,863	869,575
Machinery and Equipment	441,350	89,920	0	531,270
Roads, Bridges and Sidewalks	2,854,807	278,670	0	3,133,477
Gravel Pit	<u>9,722</u>	<u>16,667</u>	<u>0</u>	<u>26,389</u>
Totals	<u>4,970,180</u>	<u>560,587</u>	<u>198,863</u>	<u>5,331,904</u>
Total Capital Assets, Being Depreciated	<u>7,460,677</u>	<u>11,826,403</u>	<u>29,500</u>	<u>19,257,580</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,999,860</u>	<u>\$ 15,102,978</u>	<u>\$ 11,898,572</u>	<u>\$ 24,204,266</u>

TOWN OF HARDWICK, VERMONT
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JUNE 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 80,741	\$ 0	\$ 0	\$ 80,741
Construction in Progress	3,788,393	120,522	3,908,915	0
Total Capital Assets, Not Being Depreciated	3,869,134	120,522	3,908,915	80,741
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	86,749	3,908,915	0	3,995,664
Vehicles, Machinery and Equipment	222,914	7,766	0	230,680
Distribution and Collection Systems	10,093,413	0	0	10,093,413
Totals	10,403,076	3,916,681	0	14,319,757
Less Accumulated Depreciation for:				
Buildings and Building Improvements	57,260	68,406	0	125,666
Vehicles, Machinery and Equipment	105,941	15,336	0	121,277
Distribution and Collection Systems	5,992,443	142,182	0	6,134,625
Totals	6,155,644	225,924	0	6,381,568
Total Capital Assets, Being Depreciated	4,247,432	3,690,757	0	7,938,189
Business-type Activities Capital Assets, Net	\$ 8,116,566	\$ 3,811,279	\$ 3,908,915	\$ 8,018,930

Depreciation was charged as follows:

Governmental Activities:		Business-type Activities:	
General Government	\$ 27,322	Water	\$ 88,908
Public Safety	81,380	Sewer	<u>137,016</u>
Highways and Streets	418,854		
Culture and Recreation	<u>33,031</u>		
Total Depreciation Expense - Governmental Activities	\$ 560,587	Total Depreciation Expense - Business-type Activities	\$ 225,924

E. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2025 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 0	\$ 3,310,889
Jeudevine Building Fund	0	16,654
Yellow Barn Fund	0	189,217
Capital Fund	752,403	0
Non-Major Governmental Funds	1,339,329	0
Water Fund	798,397	0
Sewer Fund	<u>626,631</u>	<u>0</u>
Total	\$ 3,516,760	\$ 3,516,760

TOWN OF HARDWICK, VERMONT
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Interfund transfers during the year ended June 30, 2025 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Capital Fund	\$ 100,000	Appropriation
General Fund	Jeudevine Memorial Library Fund	161,449	Appropriation
General Fund	Conservation Commission Fund	500	Appropriation
General Fund	Capital Roads Fund	160,000	Appropriation
General Fund	Equipment Replacement Fund	215,000	Appropriation
General Fund	Equipment Replacement Fund	<u>132,347</u>	Funding for Repeater Radio System
Total		<u>\$ 769,296</u>	

In fiscal year 2024, the Town assumed operations of the Fairview Cemetery Association and the Hardwick Cemetery Association. At the time of transfer, both entities held certificates of deposit at various financial institutions. All balances were transferred to the Town by the end of fiscal year 2025, except for one Fairview Cemetery Association certificate of deposit with a balance of \$31,335, which will be transferred upon maturity in October 2025 to avoid an early withdrawal penalty.

F. Deferred Outflows of Resources

Deferred outflows of resources in the governmental activities consists of \$108,958 from the difference between the expected and actual experience, \$24,817 from the net difference between the projected and actual investment earnings on pension plan investments, \$5,422 from changes in assumptions and \$9,183 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 \$119,708 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the governmental activities is \$268,088.

Deferred outflows of resources in the business-type activities and Sewer Fund consists of \$5,015 from the difference between the expected and actual experience, \$1,142 from the net difference between the projected and actual investment earnings on pension plan investments, \$249 from changes in assumptions and \$423 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 \$5,462 of required employer pension contributions subsequent to the measurement date. Total deferred outflows of resources in the business-type activities and Sewer Fund is \$12,291.

G. Unearned Revenue

Unearned revenue in the governmental activities consists of \$924,416 of grant revenue received in advance.

Unearned revenue in the business-type activities consists of \$4,773 of user fees and \$181,466 of grant revenue received in advance. Total unearned revenue in the business-type activities is \$186,239.

Unearned revenue in the Water Fund consists of \$4,773 of user fees received in advance.

Unearned revenue in the Sewer Fund consists of \$181,466 of grant revenue received in advance.

TOWN OF HARDWICK, VERMONT
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Unearned revenue in the General Fund consists of \$900,324 of grant revenue received in advance.

Unearned revenue in the Capital Fund consists of \$11,331 of grant revenue received in advance.

Unearned revenue in the Non-Major Governmental Funds consists of \$12,761 of grant revenue received in advance.

H. Deferred Inflows of Resources

Deferred inflows of resources in the governmental activities consists of \$114,604 from changes in the Town's proportional share of contributions related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS). It also includes \$4,096 of prepaid property taxes. Total deferred inflows of resources in the governmental activities is \$118,700.

Deferred inflows of resources in the business-type activities and Sewer Fund consists of \$5,275 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 \$171,000 of delinquent property taxes, penalties and interest on those taxes and \$252,390 of grant revenue not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities. It also includes \$4,096 of prepaid property taxes. Total deferred inflows of resources in the General Fund is \$427,486.

Deferred inflows of resources in the Jeudevine Building Fund consists of \$182,209 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 Yellow Barn Fund consists of \$469,569 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 Capital Fund consists of \$24,986 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 \$130,004 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.

TOWN OF HARDWICK, VERMONT
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The Town has a note 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.

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, 2025 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 0.51% to 3.65% Payable on May 15 and November 15, Due November, 2029	\$ 159,997	\$ 0	\$ 26,667	\$ 133,330
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	180,000	0	15,000	165,000
Bond Payable, Vermont Municipal Bond Bank, Fire Truck, Principal Payments of \$18,336 Payable on November 1 Annually, Interest Ranging from 0.45% to 2.61% Payable on May 1 and November 1, Due November, 2036	238,332	0	18,336	219,996

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, Vermont Municipal Bond Bank, Library Improvements, Principal Payments of \$27,500 Payable on November 1 Annually, Interest at 3.82% Payable on May 1 and November 1, Due November, 2043	\$ 550,000	\$ 0	\$ 27,500	\$ 522,500
Bond Payable, Vermont Municipal Bond Bank, Gravel Pit, Principal Payments of \$25,000 Payable on November 1 Annually, Interest at 3.82% Payable on May 1 and November 1, Due November, 2043	500,000	0	25,000	475,000
Note Payable, Union Bank, Loader and Grader, Principal and Interest Payments of \$57,011 Payable on September 22 Annually, Interest at 5.39%, Due September, 2033	<u>432,000</u>	<u>0</u>	<u>34,600</u>	<u>397,400</u>
Total Governmental Activities	<u>\$2,060,329</u>	<u>\$ 0</u>	<u>\$147,103</u>	<u>\$1,913,226</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	\$ 760,851	\$ 0	\$ 33,080	\$ 727,771
Bond Payable, State of Vermont Special Environmental Revolving Fund, Bridgman Hill Reservoir, Principal, Interest and Administrative Fee Payments of \$16,504 Payable on June 1 Annually, 1% Interest, 2% Administrative Fee, Due June, 2050	295,023	0	7,653	287,370
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 \$49,246 of the Loan Forgiveness During the Year.	0	49,246	49,246	0

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Payable, State of Vermont Special Environmental Revolving Fund, Floating Cover and Lagoon Liner Replacement Project, Authorized to \$3,164,753 but Eligible for \$890,932 Loan Forgiveness, Principal and Administrative Fee Payments of \$139,059 Payable on May 1 Annually, 0% Interest, 2% Administrative Fee, Due May, 2044. The Town Recognized \$85,124 of the Loan Forgiveness During the Year.	\$2,034,525	\$324,420	\$178,707	\$2,180,238
Bond Payable, State of Vermont Special Environmental Revolving Fund, Wastewater Feasibility Study, Authorized to \$47,800 but Eligible for 100% Loan Forgiveness. The Town Recognized \$41,586 of the Loan Forgiveness During the Year.	0	41,586	41,586	0
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>34,500</u>	<u>0</u>	<u>2,300</u>	<u>32,200</u>
Total Business-type Activities	<u>\$3,124,899</u>	<u>\$415,252</u>	<u>\$312,572</u>	<u>\$3,227,579</u>

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
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Changes in long-term liabilities during the year were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds Payable	\$ 1,628,329	\$ 0	\$ 112,503	\$ 1,515,826	\$ 112,503
Notes Payable	432,000	0	34,600	397,400	35,562
Compensated Absences Payable	66,802	48,029	0	114,831	23,000
Net Pension Liability	<u>1,042,503</u>	<u>0</u>	<u>36,446</u>	<u>1,006,057</u>	<u>0</u>
 Total Governmental Activities Long-term Liabilities	 <u>\$ 3,169,634</u>	 <u>\$ 48,029</u>	 <u>\$ 183,549</u>	 <u>\$ 3,034,114</u>	 <u>\$ 171,065</u>
 Business-type Activities					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds Payable	\$ 3,124,899	\$ 415,252	\$ 312,572	\$ 3,227,579	\$ 138,717
Compensated Absences Payable	1,719	0	0	1,719	1,719
Net Pension Liability	<u>53,715</u>	<u>0</u>	<u>7,411</u>	<u>46,304</u>	<u>0</u>
 Total Business-type Activities Long-term Liabilities	 <u>\$ 3,180,333</u>	 <u>\$ 415,252</u>	 <u>\$ 319,983</u>	 <u>\$ 3,275,602</u>	 <u>\$ 140,436</u>

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

The additions/reductions to the compensated absences liabilities represents the net change in the liabilities from the previous year.

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

Debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 148,065	\$ 72,631	\$ 138,717	\$ 53,554
2027	149,959	67,219	140,862	51,313
2028	151,978	61,596	143,053	49,028
2029	154,093	55,822	145,290	46,696
2030	156,358	49,813	147,574	44,317
2031-2035	628,609	164,875	773,862	186,159
2036-2040	314,164	66,449	836,378	116,987
2041-2045	210,000	16,057	760,102	44,059
2046-2050	<u>0</u>	<u>0</u>	<u>141,741</u>	<u>6,941</u>
 Total	 <u>\$ 1,913,226</u>	 <u>\$ 554,462</u>	 <u>\$ 3,227,579</u>	 <u>\$ 599,054</u>

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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%, however, the Town has an unassigned deficit of \$382,933.

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	\$ 4,013
Nonspendable Inventory	<u>23,434</u>
Total General Fund	<u>27,447</u>

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Non-Major Funds

Permanent Funds:

Nonspendable Cemetery Fund Principal \$167,674

Total Nonspendable Fund Balances \$195,121

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

Major Funds

Capital Fund:

Restricted for Town House Painting by Donations
(Source of Revenue is Donations) \$ 1,750

Restricted for Recreation Expenditures by Donations
(Source of Revenue is Donations) 6,512

Restricted for Trails Expenditures by Donations
(Source of Revenue is Donations) 22,691

Total Capital Fund 30,953

Non-Major Funds

Special Revenue Funds:

Restricted for Restoration of Records by State Statute
(Source of Revenue is Recording Fees) 54,667

Restricted for Community Development by Grant Agreements
(Source of Revenue is Grant Revenue) 494,135

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) 3,251

Restricted for Conservation Commission Expenses by Donations
(Source of Revenue is Donations) 775

Restricted for Opioid Crisis Abatement Expenses by Settlement
Agreement (Source of Revenue is Opioid Settlement Funds) 33,327

Total Special Revenue Funds 595,728

Permanent Fund:

Restricted for Cemetery Fund by Trust Agreements –
Expendable Portion (Source of Revenue is Donations
and Sale of Lots) 12,587

Total Non-Major Funds 608,315

Total Restricted Fund Balances \$639,268

TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

Major Funds

Capital Fund:	
Committed for Capital Expenditures by the Voters	\$ <u>660,986</u>

Non-Major Funds

Special Revenue Funds:	
Committed for Jeudevine Memorial Library Expenses by the Voters	9,495
Committed for Conservation Commission Expenses by the Voters	<u>2,863</u>
Total Special Revenue Funds	<u>12,358</u>
Capital Projects Funds:	
Committed for Capital Roads Expenditures by the Voters	454,391
Committed for Equipment Replacement Expenditures by the Voters	<u>280,768</u>
Total Capital Projects Funds	<u>735,159</u>
Total Non-Major Funds	<u>747,517</u>
Total Committed Fund Balances	<u>\$1,408,503</u>

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

Non-Major Funds

Special Revenue Funds:	
Assigned for Reappraisal Expenses	\$57,778
Capital Projects Funds:	
Assigned for Repeater Radio System	<u>33,087</u>
Total Assigned Fund Balances	<u>\$90,865</u>

The unassigned deficit of \$285,828 in the Jeudevine Building Fund will be funded with the collection of grant revenues and future donations.

The unassigned deficit of \$664,065 in the Yellow Barn Fund is partially the result of the timing of project expenditures relative to grant revenue recognition requirements and will be funded with the collection of grant revenues and expected repayment from the Northeast Kingdom Development Corporation (NEKDC).

TOWN OF HARDWICK, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

K. Restricted and Designated Net Position

The restricted net position of the Town as of June 30, 2025 consisted of the following:

Governmental Activities:

Restricted for Town House Painting by Donations	\$ 1,750
Restricted for Recreation Expenditures by Donations	6,512
Restricted for Trails Expenditures by Donations	22,691
Restricted for Restoration of Records by State Statute	54,667
Restricted for Community Development by Grant Agreements	624,139
Restricted for Restorative Justice Expenses by Grant Agreements	9,573
Restricted for Fire Department Special Fund Expenses by Donations	3,251
Restricted for Conservation Commission Expenses by Donations	775
Restricted for Opioid Crisis Abatement Expenses by Settlement Agreement	33,327
Restricted for Cemetery Fund by Trust Agreements – Non-Expendable Portion	167,674
Restricted for Cemetery Fund by Trust Agreements – Expendable Portion	<u>12,587</u>
Total Governmental Activities	<u>\$936,946</u>

The designated net position of the Town as of June 30, 2025 consisted of the following:

Business-type Activities:

Water Fund:

Designated for Well Replacement	\$ 179,813
Designated for Water Capital	<u>577,764</u>
Total Water Fund	<u>757,577</u>

Sewer Fund:

Designated for Sewer Capital	<u>529,259</u>
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Total Business-type Activities	<u>\$1,286,836</u>
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TOWN OF HARDWICK, VERMONT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

V. OTHER INFORMATION

A. Pension Plans

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, 2024, the measurement date selected by the State of Vermont, the retirement system consisted of 362 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, 2024, the measurement date selected by the State of Vermont, VMERS was funded at 75.22% and had a plan fiduciary net position of \$1,008,504,817 and a total pension liability of \$1,340,652,483 resulting in a net position liability of \$332,147,666. The Town's proportionate share of this was 0.3168% resulting in a net pension liability of \$1,052,361. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. 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 0.3168% was a decrease of 0.0255 from its proportion measured as of the prior year.

TOWN OF HARDWICK, VERMONT
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For the year ended June 30, 2025, the Town recognized pension expense of \$154,796.

As of June 30, 2025, 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	\$ 113,973	\$ 0
Net difference between projected and actual investment earnings on pension plan investments	25,959	0
Changes in assumptions	5,671	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,606	119,879
Town's required employer contributions made subsequent to the measurement date	125,170	0
	\$ 280,379	\$ 119,879

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$125,170 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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>	
2026	\$ (8,609)
2027	70,352
2028	(9,386)
2029	<u>(17,027)</u>
Total	<u>\$35,330</u>

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:

<u>Effective</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
July 1, 2024	4.00%	6.375%	11.50%	12.85%
July 1, 2025	4.25%	6.625%	11.75%	13.10%
July 1, 2026	4.50%	6.875%	12.00%	13.35%
July 1, 2027	4.75%	7.125%	12.25%	13.60%
July 1, 2028	5.00%	7.375%	12.50%	13.85%
July 1, 2029	5.25%	7.625%	12.75%	14.10%

Employer Contribution Rates:

<u>Effective</u>	<u>Group A</u>	<u>Group B</u>	<u>Group C</u>	<u>Group D</u>
July 1, 2024	5.50%	7.00%	8.75%	11.35%
July 1, 2025	5.75%	7.25%	9.00%	11.60%
July 1, 2026	6.00%	7.50%	9.25%	11.85%
July 1, 2027	6.25%	7.75%	9.50%	12.10%
July 1, 2028	6.50%	8.00%	9.75%	12.35%
July 1, 2029	6.75%	8.25%	10.00%	12.60%

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, 2025 COLA is expected to be 1.90% for all groups. The January 1, 2024 COLA was 1.10% for all groups.

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.

TOWN OF HARDWICK, VERMONT
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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>
US Agg Fixed Income	19%	1.70%
TIPS	2%	1.70%
Large/Mid Cap US Equity	4%	4.20%
Small Cap US Equity	3%	4.70%
Developed Large/Mid Cap International Equity	5%	5.95%
Global Equity	32%	5.25%
Core Real Estate	3%	3.45%
Non-Core Real Estate	4%	5.70%
Private Credit	11%	5.70%
Private Equity	11%	7.45%
Private Core Infrastructure	4%	4.95%
Agriculture/Farmland	2%	3.95%

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, 2024, is 3.93%, as published by The Bond Buyer.

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2024. 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. 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 as of June 30, 2024.

TOWN OF HARDWICK, VERMONT
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 JUNE 30, 2025

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, 2024, 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:

<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$1,608,905	\$1,052,361	\$595,563

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.

TOWN OF HARDWICK, VERMONT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2025

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 2025 were as follows:

	<u>Homestead</u>	<u>Non-Homestead</u>
Town	.8709	.8709
Highway	.6562	.6562
Local Agreement	.0122	.0122
Education	<u>1.9819</u>	<u>2.0672</u>
Total	<u>3.5212</u>	<u>3.6065</u>

D. Commitment

The Hardwick Yellow Barn Business Accelerator (HYBBA) project was fully completed during fiscal year 2025 and is now operational. The Town leases the property to Northeast Kingdom Development Corporation (NEKDC) for \$1 per year for 49 years. NEKDC manages the facility, collects rents from tenants, and pays the Town a payment in lieu of tax (PILOT). In fiscal year 2025, the PILOT amount was \$5,500 and increases \$1,500 each fiscal year until fiscal year 2030 at which time it increases to \$27,565. Beginning in fiscal year 2031, the base amount of \$27,565 will be adjusted 3% annually every subsequent fiscal year. Anchor tenants, Jasper Hill, the Center for an Agricultural Economy and Cabot, began occupying and fitting up their spaces, with Cabot's retail shop opening in 2024. All financing was finalized through grants, tenant improvements, and the New Market Tax Credit (NMTC) structure. After the NMTC closing, all project-related debt resides with NEKDC, and the Town has no remaining financial exposure beyond its original \$225,000 contribution, which includes an expected repayment of the \$200,000 Revolving Loan Fund commitment.

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, 2025 is \$54,785.

TOWN OF HARDWICK, VERMONT
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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 the Northeast Kingdom Development Corporation (NEKDC) which manages the Town's Yellow Barn facility.

TOWN OF HARDWICK, VERMONT
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STATEMENT OF REVENUES, EXPENDITURES
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BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Property Taxes	\$ 3,052,360	\$ 2,975,848	\$ (76,512)
School Tax Administration Fee	6,500	7,576	1,076
PILOT	140,398	153,391	12,993
Current Use	185,050	187,682	2,632
Delinquent Late Charges	22,000	42,087	20,087
Tax Sale Interest	500	65	(435)
Zoning Permits	4,000	3,300	(700)
Licenses and Fees	3,500	3,664	164
Recording Fees	23,000	18,799	(4,201)
Dog Licenses	2,500	1,796	(704)
DMV Fees	350	165	(185)
State Aid to Highways	154,823	162,598	7,775
Grant-in-Aid Grant Income	21,000	18,785	(2,215)
West Woodbury Revenue	6,000	8,000	2,000
Gravel Pit Revenue	0	9,100	9,100
Road Maintenance Donations	0	1,000	1,000
Miscellaneous Highway Grant Income	0	6,191	6,191
Copying Fees	12,000	11,247	(753)
Hardwick PD Ticket Revenue	15,000	15,385	385
PD SIU Revenue	0	15,000	15,000
PD Sale of Equipment	0	175	175
PD Outside Services Revenues	500	480	(20)
Investment Income	20,000	61,297	41,297
Miscellaneous	500	11,519	11,019
Water Charges	167,939	157,280	(10,659)
Sewer Charges	154,264	143,605	(10,659)
Single Audit Cost Share	0	13,440	13,440
Room Rent	50	25	(25)
Police Department - Vest Grant Income	850	628	(222)
VAST Patrol Grant Income	6,500	3,658	(2,842)
Government Highway Safety Grant Income	15,000	9,139	(5,861)
Flood Resilient Communities Grant Income	0	614	614
Municipal Planning Grant Income	0	5,911	5,911
Greenup Day Grant Income	400	400	0
USDA Rural Business Development Grant Income	0	100,000	100,000
Election Grant Income	0	5,000	5,000
Equity Grant Income	0	3,300	3,300
Miscellaneous Grant Income	0	980	980
Proceeds from Sale of Property	0	75,000	75,000
Insurance Proceeds	0	4,786	4,786
FEMA Reimbursement	0	458,399	458,399
Total Revenues	4,014,984	4,697,315	682,331

See Disclaimer in Accompanying Independent Auditor's Report.

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GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:			
Office Expenses:			
Town Manager's Office Payroll	\$ 320,386	\$ 329,024	\$ (8,638)
Town Clerk's Office Payroll	110,196	111,119	(923)
Flood Related Expenses	0	13,068	(13,068)
Social Security Expense	30,141	31,703	(1,562)
Child Care Tax	0	1,897	(1,897)
Worker's Compensation	2,004	2,184	(180)
Unemployment Insurance	520	436	84
VLCT/PACIF	2,673	2,554	119
Health Insurance	159,245	170,035	(10,790)
Dental/Vision/Life/Disability Insurances	6,544	7,823	(1,279)
Retirement Expense	30,141	29,606	535
Town Manager's Office Supplies	5,500	6,509	(1,009)
Town Clerk's Office Supplies	4,000	4,215	(215)
Town Report Expense	3,500	3,282	218
Conferences/Dues/Mileage	1,200	1,122	78
Tax Billing/Collection Expense	1,600	1,076	524
Telephone	3,800	3,589	211
Advertising	2,500	2,992	(492)
Copier	250	0	250
Election Expense	2,000	2,000	0
Computer Software/Services	14,000	19,486	(5,486)
Equipment Purchases	3,000	2,137	863
Lister Supplies	2,300	2,288	12
Education/Training	750	656	94
Zoning Supplies	3,500	3,669	(169)
Municipal Planning Grant Expenses	0	3,275	(3,275)
Election Grant Expenses	0	5,000	(5,000)
Equity Grant Expenses	0	3,300	(3,300)
Local Economic Impact Grant Expenses	0	43,492	(43,492)
	<u>709,750</u>	<u>807,537</u>	<u>(97,787)</u>
Total Office Expenses	<u>709,750</u>	<u>807,537</u>	<u>(97,787)</u>

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	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Payroll (Part-time and Elected):			
Public Official's Liability	\$ 2,813	\$ 2,624	\$ 189
Election Officials	500	50	450
Planning/DRB Board	2,800	2,375	425
Board of Civil Authority	50	36	14
Moderator	50	0	50
Selectboard	5,000	5,000	0
Energy Coordinator	50	50	0
Solid Waste Representative	150	113	37
TEC - Conference Fees	100	0	100
Town Service Officer	150	100	50
Part-time Labor	500	0	500
Health Officer	600	600	0
Town Website Coordinator	600	600	0
Social Security Expense	3,500	968	2,532
Child Care Tax	0	39	(39)
	<u>16,863</u>	<u>12,555</u>	<u>4,308</u>
Total Payroll (Part-time and Elected)			
Memorial Building:			
Custodial Services Expense	11,324	11,461	(137)
Custodial Social Security Expense	793	775	18
VLCT/PACIF	2,969	3,209	(240)
Operating Expenses/Supplies	4,000	4,533	(533)
Building Repairs/Maintenance	4,000	1,241	2,759
Utilities	5,289	4,988	301
Fuel Oil	12,000	9,126	2,874
Elevator/Fire Alarm	2,500	2,069	431
Generator	200	0	200
	<u>43,075</u>	<u>37,402</u>	<u>5,673</u>
Total Memorial Building			
Public Safety Building:			
VLCT/PACIF	3,293	3,054	239
Operating Supplies	1,500	333	1,167
Building Repairs/Maintenance	2,000	10,424	(8,424)
Utilities	2,962	3,237	(275)
Fuel Oil	6,500	4,958	1,542
Custodial Services Expense	6,430	7,372	(942)
Custodial Social Security Expense	450	562	(112)
	<u>23,135</u>	<u>29,940</u>	<u>(6,805)</u>
Total Public Safety Building			

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BUDGET AND ACTUAL - BUDGETARY BASIS
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	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Station:			
VLCT/PACIF	\$ 3,308	\$ 3,383	\$ (75)
Utilities	2,600	2,708	(108)
Fuel Oil	8,500	6,556	1,944
Building Repairs/Maintenance	<u>1,000</u>	<u>787</u>	<u>213</u>
Total Fire Station	<u>15,408</u>	<u>13,434</u>	<u>1,974</u>
Highway Garage:			
Heating Fuel	5,500	4,848	652
Building Repairs/Maintenance	1,500	713	787
Utilities - Garage	<u>4,650</u>	<u>3,569</u>	<u>1,081</u>
Total Highway Garage	<u>11,650</u>	<u>9,130</u>	<u>2,520</u>
Town House:			
VLCT/PACIF	1,851	1,863	(12)
Building Repairs/Maintenance	1,000	554	446
Utilities	<u>375</u>	<u>422</u>	<u>(47)</u>
Total Town House	<u>3,226</u>	<u>2,839</u>	<u>387</u>
Historical Depot:			
VLCT/PACIF	187	173	14
Building Repairs/Maintenance	<u>300</u>	<u>0</u>	<u>300</u>
Total Historical Depot	<u>487</u>	<u>173</u>	<u>314</u>
Carey Rd. Property:			
VLCT/PACIF	<u>163</u>	<u>112</u>	<u>51</u>
Total Carey Rd. Property	<u>163</u>	<u>112</u>	<u>51</u>
Yellow Barn:			
VLCT/PACIF	188	90	98
Building Repairs/Maintenance	500	847	(347)
Utilities	<u>450</u>	<u>0</u>	<u>450</u>
Total Yellow Barn	<u>1,138</u>	<u>937</u>	<u>201</u>

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, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Police Department:			
Police Department Payroll	\$ 464,695	\$ 451,380	\$ 13,315
Overtime	54,898	71,332	(16,434)
Part-time Officers	60,000	48,945	11,055
Flood Related Expenses	0	2,959	(2,959)
Social Security Expense	40,572	43,986	(3,414)
Child Care Tax	0	2,064	(2,064)
Worker's Compensation	36,299	34,694	1,605
Unemployment Insurance	1,200	810	390
VLCT/PACIF	21,175	20,561	614
Health Insurance	52,549	59,273	(6,724)
Dental/Vision/Life/Disability Insurances	5,383	5,915	(532)
Retirement Expense	59,475	55,496	3,979
Operating Supplies	7,000	5,654	1,346
Training	4,000	6,729	(2,729)
Memberships	350	175	175
Legal Expenses	2,000	0	2,000
Internet Communication	2,800	3,013	(213)
Dispatch Services	31,506	31,238	268
Telephone	3,800	3,909	(109)
Vehicle Repairs and Maintenance	6,000	13,312	(7,312)
Advertising	400	988	(588)
Radio Service	1,000	480	520
Investigation Expense	1,000	600	400
Uniforms - Cleaning	1,200	56	1,144
Uniforms - Purchases	4,000	3,168	832
Gasoline	13,000	8,835	4,165
Tires	2,000	1,965	35
Education	1,000	0	1,000
Equipment	4,000	6,041	(2,041)
Government Highway Safety Grant Expenses	7,500	1,783	5,717
SIU Grant Expenses	1,000	0	1,000
Equipment Grant Expenses	3,000	6,090	(3,090)
Vest Grant Expenses	1,100	0	1,100
Total Police Department	893,902	891,451	2,451

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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, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Fire Department:			
Labor	\$ 7,000	\$ 6,738	\$ 262
Social Security	500	518	(18)
Child Care Tax	0	60	(60)
Worker's Compensation	1,280	1,219	61
Liability Insurance	4,251	4,469	(218)
Operating Supplies	2,500	1,566	934
Dispatch Services	13,502	13,388	114
Phone/Internet	1,500	1,169	331
Gasoline	100	0	100
Diesel Fuel	1,650	1,225	425
Equipment Purchases	7,000	4,799	2,201
Equipment Repairs	6,000	10,034	(4,034)
Training	400	268	132
Flood Damage	0	43,036	(43,036)
Total Fire Department	45,683	88,489	(42,806)
Highway Department:			
Public Works Payroll	382,029	387,085	(5,056)
Overtime	29,000	45,751	(16,751)
Sewer Operator	500	400	100
Social Security Expense	28,772	31,887	(3,115)
Child Care Tax	0	1,475	(1,475)
Worker's Compensation	23,859	22,702	1,157
Unemployment Insurance	600	399	201
VLCT/PACIF	13,022	11,430	1,592
Health Insurance	135,278	121,461	13,817
Dental/Vision/Life/Disability Insurances	8,124	6,087	2,037
Retirement Expense	28,772	31,482	(2,710)
Operating Supplies	17,000	18,790	(1,790)
Permits/Fees	4,000	3,652	348
Telephone/Internet	1,500	1,349	151
Culverts	6,500	1,821	4,679
Grant-in-Aid Grant Expenses	6,200	9,294	(3,094)
Uniforms	7,500	8,525	(1,025)
Line Painting/Crosswalks	1,000	1,745	(745)
Road Signs	1,000	5,262	(4,262)
Streetscape Maintenance	1,000	746	254
Storm Drains	2,000	7,365	(5,365)

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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, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Highway Department/(Cont'd):			
Safety/Training	\$ 1,500	\$ 210	\$ 1,290
Equipment Expense	65,000	92,965	(27,965)
Gasoline	5,000	3,116	1,884
Diesel Fuel	75,000	58,981	16,019
Gravel	60,000	99,622	(39,622)
Ditch Stone	3,500	0	3,500
Hydroseeding	1,500	0	1,500
Mud Season Material	4,000	7,335	(3,335)
Chloride	20,000	15,552	4,448
East Hardwick Sidewalks	600	600	0
Contract Mowing	8,000	8,770	(770)
Paving/Patching	4,500	5,470	(970)
Brush Cutting	10,000	9,600	400
Downtown Beauty	1,500	2,535	(1,035)
Street Sweeping	4,500	5,250	(750)
Flood Damage	0	413,940	(413,940)
Winter Sand	10,000	14,400	(4,400)
Salt	100,000	113,247	(13,247)
	<u>1,072,256</u>	<u>1,570,301</u>	<u>(498,045)</u>
Total Highway Department			
Appropriations:			
Caledonia Home Health Care and Hospice	2,600	2,600	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	5,000	5,000	0
Hardwick Community Television	3,000	3,000	0
Rural Community Transportation, Inc.	3,400	3,400	0
Craftsbury Community Care Center	2,500	2,500	0
Hardwick Area Food Pantry	5,000	5,000	0
Northeast Kingdom Council on Aging	4,500	4,500	0
Justice for Dogs	1,000	1,000	0
Northeast Kingdom Arts Council, Inc.	3,500	3,500	0
Center for an Agricultural Economy	4,000	4,000	0
Salvation Farms, Inc.	1,500	1,500	0
Hardwick Downtown Partnership, Inc.	2,800	2,800	0
	<u>46,900</u>	<u>46,900</u>	<u>0</u>
Total Appropriations			

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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, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Other Expenses:			
Auditing	\$ 18,750	\$ 27,870	\$ (9,120)
Animal Control	3,200	2,597	603
Professional Services	15,000	17,424	(2,424)
Lister Professional Services	43,200	43,200	0
NVDA	2,482	2,482	0
VLCT	5,196	5,101	95
Jeudevine Memorial Library	161,449	161,449	0
Memorial Day	500	500	0
Caspian Lake	4,500	4,500	0
Cemeteries	23,000	24,565	(1,565)
Equipment Replacement Fund	175,000	175,000	0
Equipment Replacement Fund - Fire	40,000	40,000	0
Capital Roads Fund	160,000	160,000	0
Capital Fund	100,000	100,000	0
Loader & Grader Debt Payment	57,000	57,011	(11)
Mackville Road Bond Payment	21,377	21,167	210
Gravel Pit Bond Payment	43,650	43,637	13
Library Bond Payment	48,000	34,997	13,003
2014 Fire Truck Bond Payment	32,200	30,386	1,814
2021 Fire Truck Bond Payment	21,218	22,555	(1,337)
Tax Mapping	8,000	5,100	2,900
Solid Waste District	2,920	2,972	(52)
Streetlights	23,866	24,666	(800)
Memorial Park Electricity	175	110	65
Employment Practices Insurance	5,605	5,586	19
Community Crime Insurance	867	776	91
Town Service Officer Expense	750	0	750
Cyber Security	1,500	0	1,500
Tax Sale Expense	1,500	0	1,500
Tax Abatement Expense	300	7,182	(6,882)
Conservation Commission	500	500	0
Equity Committee	2,500	1,393	1,107
County & Gravel Pit Taxes	34,200	34,960	(760)
Rescue Squad	90,220	95,820	(5,600)
Insurance Deductibles	0	3,855	(3,855)
	<u>1,148,625</u>	<u>1,157,361</u>	<u>(8,736)</u>
Total Other Expenses	<u>1,148,625</u>	<u>1,157,361</u>	<u>(8,736)</u>

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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, 2025

	Original and Final Budget	Actual	Variance Favorable/ (Unfavorable)
Recreation Department:			
Recreation Coordinator Payroll	\$ 5,000	\$ 2,960	\$ 2,040
Social Security	350	227	123
Child Care Tax	0	13	(13)
Worker's Compensation	165	116	49
Unemployment Insurance	50	30	20
VLCT/PACIF	100	71	29
Youth Programs	6,000	5,141	859
Mileage	100	0	100
Community Programming	8,500	10,758	(2,258)
Supplies and Advertising	300	0	300
Maintenance	1,000	35	965
	21,565	19,351	2,214
Trails Department:			
Salaries	4,075	3,622	453
Social Security	285	277	8
Child Care Tax	0	15	(15)
Trail Repair and Construction	800	41	759
Equipment Repair and Maintenance	1,200	1,868	(668)
Gas, Oil, Diesel	600	457	143
Publicity/Advertising/Signage and Maps	500	215	285
Programs and Activities	2,000	2,692	(692)
Worker's Compensation	200	140	60
Unemployment Insurance	50	30	20
VLCT/PACIF	1,448	1,599	(151)
	11,158	10,956	202
	4,064,984	4,698,868	(633,884)
Excess/(Deficiency) of Revenues Over Expenditures	\$ (50,000)	(1,553)	\$ 48,447
Adjustments to Reconcile from the Budgetary Basis of Accounting to the Modified Accrual Basis of Accounting:			
Pedestrian Bridge Planning Expenses		(11,150)	
Unbudgeted Transfer to Equipment Replacement Fund		(132,347)	
Net Change in Fund Balance		(145,050)	
Fund Balance - July 1, 2024		739,457	
Fund Balance - June 30, 2025		\$ 594,407	

The reconciling items are due to unbudgeted project expenses and transfers.

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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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Plan Net Pension Liability	\$ 332,147,666	\$ 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
Town's Proportion of the Net Pension Liability	0.3168%	0.3423%	0.3334%	0.4246%	0.4382%	0.4540%	0.4660%	0.4786%	0.4757%	0.5194%
Town's Proportionate Share of the Net Pension Liability	\$ 1,052,361	\$ 1,096,218	\$ 1,011,296	\$ 624,954	\$ 1,108,448	\$ 787,619	\$ 655,525	\$ 579,855	\$ 612,181	\$ 400,422
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
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	80.1572%	91.0152%	91.6526%	50.8906%	90.3114%	66.0533%	57.6193%	53.4959%	61.7472%	39.1145%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.22%	74.01%	73.60%	86.29%	74.52%	80.35%	82.60%	83.64%	80.95%	87.42%

Notes to Schedule

Benefit Changes: None.

Changes in Assumptions and Methods: None.

Changes in Plan Provisions: At the May, 2024 Board meeting, the Board voted unanimously to authorize employer contribution rate increases of 0.25% each year for a period of four years, beginning July 1, 2026. Also in May, 2024, the Legislature passed H.883, which included an increase in the member rate of 0.25% for each group for four years, beginning July 1, 2026.

TOWN OF HARDWICK, VERMONT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 VMERS DEFINED BENEFIT PLAN
 FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution (Actuarially Determined)	\$ 125,170	\$ 104,365	\$ 94,143	\$ 83,404	\$ 94,404	\$ 90,812	\$ 87,225	\$ 81,620	\$ 78,160	\$ 72,296
Contributions in Relation to the Actuarially Determined Contributions	<u>125,170</u>	<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>
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	\$ 1,522,656	\$ 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
Contributions as a Percentage of Town's Covered Employee Payroll	8.221%	7.949%	7.816%	7.559%	7.687%	7.399%	7.315%	7.174%	7.211%	7.292%

Notes to Schedule

Valuation Date: June 30, 2024

TOWN OF HARDWICK, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
<u>ASSETS</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 290,206	\$ 0	\$ 0	\$ 290,206
Investments	0	0	10,093	10,093
Receivables	312	0	0	312
Loans Receivable (Net of Allowance for Uncollectibles)	130,004	0	0	130,004
Due from Other Funds	<u>396,390</u>	<u>768,246</u>	<u>174,693</u>	<u>1,339,329</u>
Total Assets	<u>\$ 816,912</u>	<u>\$ 768,246</u>	<u>\$ 184,786</u>	<u>\$ 1,769,944</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 5,888	\$ 0	\$ 4,525	\$ 10,413
Accrued Payroll and Benefits Payable	2,395	0	0	2,395
Unearned Revenue	<u>12,761</u>	<u>0</u>	<u>0</u>	<u>12,761</u>
Total Liabilities	<u>21,044</u>	<u>0</u>	<u>4,525</u>	<u>25,569</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Loans Receivable	<u>130,004</u>	<u>0</u>	<u>0</u>	<u>130,004</u>
Total Deferred Inflows of Resources	<u>130,004</u>	<u>0</u>	<u>0</u>	<u>130,004</u>
 <u>FUND BALANCES</u>				
Nonspendable	0	0	167,674	167,674
Restricted	595,728	0	12,587	608,315
Committed	12,358	735,159	0	747,517
Assigned	<u>57,778</u>	<u>33,087</u>	<u>0</u>	<u>90,865</u>
Total Fund Balances	<u>665,864</u>	<u>768,246</u>	<u>180,261</u>	<u>1,614,371</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 816,912</u>	<u>\$ 768,246</u>	<u>\$ 184,786</u>	<u>\$ 1,769,944</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, 2025

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Fund	Total
Revenues:				
Intergovernmental	\$ 29,089	\$ 32,472	\$ 0	\$ 61,561
Charges for Services	0	0	7,800	7,800
Permits, Licenses and Fees	6,736	0	0	6,736
Loan Repayments	59,666	0	0	59,666
Loan Interest Income	5,503	0	0	5,503
Investment Income	15,321	21,898	5,293	42,512
Donations	4,634	0	0	4,634
Opioids Settlement	15,481	0	0	15,481
Other	3,522	0	0	3,522
	<u>139,952</u>	<u>54,370</u>	<u>13,093</u>	<u>207,415</u>
Total Revenues				
Expenditures:				
General Government	121,473	0	0	121,473
Highways and Streets	0	10,120	0	10,120
Culture and Recreation	176,834	0	0	176,834
Community Development	22,947	0	0	22,947
Cemetery	0	0	44,410	44,410
Capital Outlay:				
Public Safety	0	324,022	0	324,022
Highways and Streets	0	183,121	0	183,121
	<u>321,254</u>	<u>517,263</u>	<u>44,410</u>	<u>882,927</u>
Total Expenditures				
Excess/(Deficiency) of Revenues Over Expenditures	<u>(181,302)</u>	<u>(462,893)</u>	<u>(31,317)</u>	<u>(675,512)</u>
Other Financing Sources:				
Proceeds from Sale of Vehicle	0	7,000	0	7,000
Transfer from Fairview Cemetery Association	0	0	23,001	23,001
Transfers In	161,949	507,347	0	669,296
	<u>161,949</u>	<u>514,347</u>	<u>23,001</u>	<u>699,297</u>
Total Other Financing Sources				
Net Change in Fund Balances	(19,353)	51,454	(8,316)	23,785
Fund Balances - July 1, 2024	<u>685,217</u>	<u>716,792</u>	<u>188,577</u>	<u>1,590,586</u>
Fund Balances - June 30, 2025	<u>\$ 665,864</u>	<u>\$ 768,246</u>	<u>\$ 180,261</u>	<u>\$ 1,614,371</u>

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TOWN OF HARDWICK, VERMONT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2025

	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
ASSETS									
Cash	\$ 0	\$ 0	\$ 290,206	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 290,206
Receivables	0	0	0	0	0	312	0	0	312
Loans Receivable (Net of Allowance for Uncollectibles)	0	0	130,004	0	0	0	0	0	130,004
Due from Other Funds	<u>60,693</u>	<u>54,667</u>	<u>203,929</u>	<u>9,573</u>	<u>3,251</u>	<u>27,212</u>	<u>3,738</u>	<u>33,327</u>	<u>396,390</u>
Total Assets	<u>\$ 60,693</u>	<u>\$ 54,667</u>	<u>\$ 624,139</u>	<u>\$ 9,573</u>	<u>\$ 3,251</u>	<u>\$ 27,524</u>	<u>\$ 3,738</u>	<u>\$ 33,327</u>	<u>\$ 816,912</u>
LIABILITIES									
Accounts Payable	\$ 2,915	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,873	\$ 100	\$ 0	\$ 5,888
Accrued Payroll and Benefits Payable	0	0	0	0	0	2,395	0	0	2,395
Unearned Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,761</u>	<u>0</u>	<u>0</u>	<u>12,761</u>
Total Liabilities	<u>2,915</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,029</u>	<u>100</u>	<u>0</u>	<u>21,044</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable Loans Receivable	<u>0</u>	<u>0</u>	<u>130,004</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130,004</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>130,004</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>130,004</u>
FUND BALANCES									
Restricted	0	54,667	494,135	9,573	3,251	0	775	33,327	595,728
Committed	0	0	0	0	0	9,495	2,863	0	12,358
Assigned	<u>57,778</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>57,778</u>
Total Fund Balances	<u>57,778</u>	<u>54,667</u>	<u>494,135</u>	<u>9,573</u>	<u>3,251</u>	<u>9,495</u>	<u>3,638</u>	<u>33,327</u>	<u>665,864</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 60,693</u>	<u>\$ 54,667</u>	<u>\$ 624,139</u>	<u>\$ 9,573</u>	<u>\$ 3,251</u>	<u>\$ 27,524</u>	<u>\$ 3,738</u>	<u>\$ 33,327</u>	<u>\$ 816,912</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, 2025

	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
Revenues:									
Intergovernmental	\$ 14,583	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,506	\$ 0	\$ 0	\$ 29,089
Permits, Licenses and Fees	0	6,736	0	0	0	0	0	0	6,736
Loan Repayments	0	0	59,666	0	0	0	0	0	59,666
Loan Interest Income	0	0	5,503	0	0	0	0	0	5,503
Investment Income	3,659	1,401	7,909	0	60	1,124	104	1,064	15,321
Donations	0	0	0	0	2,310	911	1,413	0	4,634
Opioids Settlement	0	0	0	0	0	0	0	15,481	15,481
Other	0	0	0	0	0	3,522	0	0	3,522
Total Revenues	18,242	8,137	73,078	0	2,370	20,063	1,517	16,545	139,952
Expenditures:									
General Government	119,967	868	0	0	0	0	638	0	121,473
Culture and Recreation	0	0	0	0	0	176,834	0	0	176,834
Community Development	0	0	12,823	0	0	0	0	10,124	22,947
Total Expenditures	119,967	868	12,823	0	0	176,834	638	10,124	321,254
Excess/(Deficiency) of Revenues Over Expenditures	(101,725)	7,269	60,255	0	2,370	(156,771)	879	6,421	(181,302)
Other Financing Sources:									
Transfers In	0	0	0	0	0	161,449	500	0	161,949
Total Other Financing Sources	0	0	0	0	0	161,449	500	0	161,949
Net Change in Fund Balances	(101,725)	7,269	60,255	0	2,370	4,678	1,379	6,421	(19,353)
Fund Balances - July 1, 2024	159,503	47,398	433,880	9,573	881	4,817	2,259	26,906	685,217
Fund Balances - June 30, 2025	\$ 57,778	\$ 54,667	\$ 494,135	\$ 9,573	\$ 3,251	\$ 9,495	\$ 3,638	\$ 33,327	\$ 665,864

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2025

	<u>Capital Roads Fund</u>	<u>Equipment Replacement Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Due from Other Funds	\$ <u>454,391</u>	\$ <u>313,855</u>	\$ <u>768,246</u>
Total Assets	\$ <u><u>454,391</u></u>	\$ <u><u>313,855</u></u>	\$ <u><u>768,246</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balances:			
Committed	454,391	280,768	735,159
Assigned	<u>0</u>	<u>33,087</u>	<u>33,087</u>
Total Fund Balances	<u>454,391</u>	<u>313,855</u>	<u>768,246</u>
Total Liabilities and Fund Balances	\$ <u><u>454,391</u></u>	\$ <u><u>313,855</u></u>	\$ <u><u>768,246</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2025

	Capital Roads Fund	Equipment Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 32,472	\$ 0	\$ 32,472
Investment Income	<u>12,058</u>	<u>9,840</u>	<u>21,898</u>
Total Revenues	<u>44,530</u>	<u>9,840</u>	<u>54,370</u>
Expenditures:			
Highways and Streets	10,120	0	10,120
Capital Outlay:			
Public Safety	0	324,022	324,022
Highways and Streets	<u>183,121</u>	<u>0</u>	<u>183,121</u>
Total Expenditures	<u>193,241</u>	<u>324,022</u>	<u>517,263</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(148,711)</u>	<u>(314,182)</u>	<u>(462,893)</u>
Other Financing Sources:			
Proceeds from Sale of Vehicle	0	7,000	7,000
Transfers In	<u>160,000</u>	<u>347,347</u>	<u>507,347</u>
Total Other Financing Sources	<u>160,000</u>	<u>354,347</u>	<u>514,347</u>
Net Change in Fund Balances	11,289	40,165	51,454
Fund Balances - July 1, 2024	<u>443,102</u>	<u>273,690</u>	<u>716,792</u>
Fund Balances - June 30, 2025	<u><u>\$ 454,391</u></u>	<u><u>\$ 313,855</u></u>	<u><u>\$ 768,246</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Water Base Revenue	\$ 197,232	\$ 197,211	\$ (21)
Water Usage Revenue	113,147	122,783	9,636
Penalties and Interest	4,500	4,372	(128)
Investment Income	2,000	0	(2,000)
Miscellaneous Revenue	1,000	716	(284)
Total Revenues	317,879	325,082	7,203
Expenses:			
Administration Salaries	82,000	82,000	0
Public Works Salaries	61,346	61,346	0
Sewer Operator Salaries and Benefits	1,450	1,600	(150)
VLCT/PACIF	3,000	2,059	941
Administrative Supplies	2,000	2,879	(879)
Training and Safety	850	885	(35)
Legal/Audit	9,000	10,509	(1,509)
Professional Services	300	3,600	(3,300)
Utilities	32,545	28,318	4,227
Line Maintenance	6,000	7,840	(1,840)
Reservoir Maintenance	400	963	(563)
Administrative Charge	11,934	11,934	0
Pumphouse Maintenance	4,000	1,339	2,661
Town Equipment Charge	2,000	2,000	0
Phone and Internet	3,000	2,514	486
Hydrants	500	0	500
Generators	250	0	250
Depreciation Expense	100	0	100
Water Testing	1,200	1,278	(78)
Chlorination	300	0	300
Permit Fees	4,000	3,993	7
Minor Repair and Maintenance	600	722	(122)
Truck Repair and Maintenance	750	853	(103)
Gasoline	650	437	213
Miscellaneous	0	1,000	(1,000)
Debt Principal - Bridgman Hill Reservoir	7,653	7,653	0
Debt Interest/Admin - Bridgman Hill Reservoir	8,951	8,851	100
Debt Service - Water Meters	33,100	33,080	20
Capital Account Transfer	40,000	40,000	0
Total Expenses	317,879	317,653	226
Net Income	\$ 0	7,429	\$ 7,429

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Actual</u>
Adjustments to Reconcile to GAAP Basis Statements:	
Depreciation	\$ (88,908)
Principal Payments on Long-term Debt	40,733
Debt Forgiveness	49,246
Well Replacement Account Income	1,282
Capital Account Income	21,660
Capital Account Expenses	(64,482)
Capital Account Transfer In	<u>40,000</u>
Change in Net Position - Exhibit G	<u>\$ 6,960</u>

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:			
Sewer Base Revenue	\$ 374,570	\$ 375,430	\$ 860
Sewer Usage Revenue	165,707	179,104	13,397
Penalties and Interest	7,000	7,960	960
Investment Income	2,000	783	(1,217)
Miscellaneous Revenue	2,000	0	(2,000)
Transfers In	2,000	2,000	0
Total Revenues	553,277	565,277	12,000
Expenses:			
Administration Salaries	82,000	82,000	0
Public Works Salaries	49,077	49,077	0
Sewer Operator Salary	62,188	67,381	(5,193)
Assistant Sewer Operator Salary	4,000	1,714	2,286
Sewer Operator Overtime	11,000	13,277	(2,277)
Health Insurance	29,066	27,566	1,500
Dental, Vision, Life/Disability Insurance	1,700	1,269	431
Retirement	5,123	5,462	(339)
Social Security	5,402	5,521	(119)
Child Care Tax	0	276	(276)
Worker's Compensation	4,500	3,620	880
Unemployment Insurance	140	61	79
VLCT/PACIF	5,652	4,714	938
Administrative Supplies	1,500	2,753	(1,253)
Uniforms	1,400	1,250	150
Training	300	0	300
Safety Supplies	400	636	(236)
Legal/Audit	8,500	10,509	(2,009)
Phone and Internet	2,900	2,063	837
Electricity - Plant	35,000	25,355	9,645
Electricity - Lift Station	3,000	2,478	522
Fuel Oil	5,000	3,761	1,239
Alarms	1,200	1,003	197
Lab Operations	6,500	4,220	2,280
Process Chemicals	45,000	40,315	4,685
Lift Station Maintenance	1,000	11	989
Sewer Line Maintenance	2,500	117	2,383
Sewer Line Cleaning	5,000	2,815	2,185
Grit Disposal	300	0	300
Plant Maintenance	6,000	6,671	(671)
Debt Service - Mill Street Bond	1,650	3,676	(2,026)
Debt Admin - WWTF Upgrade	140,000	45,476	94,524

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON GAAP BUDGETARY BASIS) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Favorable/ (Unfavorable)
Expenses/(Cont'd):			
Administrative Charge	\$ 10,529	\$ 10,529	\$ 0
Town Equipment Charge	2,000	2,000	0
Professional Services	300	926	(626)
Licenses and Fees	2,000	1,951	49
Truck/Equipment Maintenance	600	1,247	(647)
Gasoline/Diesel	550	1,149	(599)
Water Charge	300	234	66
Capital Account Transfer	10,000	10,000	0
Total Expenses	553,277	443,083	110,194
Net Income	\$ 0	122,194	\$ 122,194
Adjustments to Reconcile to GAAP Basis Statements:			
Depreciation		(137,016)	
Insurance Proceeds - Flood Damage		90,821	
Flood Damage Expenses		(94,676)	
Principal Payments on Long-term Debt		2,300	
Debt Forgiveness		126,710	
Change in Accrued Interest Payable		(7,227)	
Change in Net Pension Liability - GASB 68		2,960	
Capital Account Income		13,604	
Capital Account Expenses		(21,328)	
Capital Account Transfer In		10,000	
Change in Net Position - Exhibit G		\$ 108,342	

See Disclaimer in Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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	\$ 265,350
Passed through State of Vermont Dept. of Libraries				
COVID-19 - Coronavirus Capital Projects Fund	21.029	01130-2024-CPF-007	0	812,430
Total U.S. Department of Treasury			0	1,077,780
<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	454,961
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	02140-84810-038	0	124,234
Total U.S. Department of Homeland Security			0	579,195
<u>Institute of Museum and Library Services</u>				
Passed through State of Vermont Dept of Libraries				
Grants to States	45.310	01130-2024-COURIER-058	0	684
Total Institute of Museum and Library Services			0	684
<u>U.S. Department of Agriculture</u>				
Direct Program:				
Community Facilities Loans and Grants	10.766	N/A	0	450,000
Community Facilities Loans and Grants	10.766	N/A	0	126,888
Total Community Facilities Loans and Grants			0	576,888
Emergency Watershed Protection Program	10.923	N/A	0	181,757
Rural Business Development Grant	10.351	N/A	0	200,000
Total U.S. Department of Agriculture			0	958,645
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State of Vermont Dept. of Commerce and Community Development - DHCD				
Community Development Block Grants	14.228	07110-IG-2018-HARDWICK - 04	0	354,659
Community Development Block Grants	14.228	07110-AM-2019-HARDWICK - 05	0	28,500
Total U.S. Department of Housing and Urban Development			0	383,159
<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	78,011
Clean Water State Revolving Fund	66.458	06140-RF1-360-1.0	0	24,196
Total Clean Water State Revolving Fund			0	102,207
Drinking Water State Revolving Fund	66.468	06140-RF3-517-1.0	0	49,246
Total U.S. Environmental Projection Agency			0	151,453
<u>Northern Border Regional Commission</u>				
Direct Program:				
Northern Border Regional Development	90.601	N/A	0	50,000
Total Northern Border Regional Commission			0	50,000

See Accompanying Independent Auditor's Report.

TOWN OF HARDWICK, VERMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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 Transportation</u>				
Passed through State of Vermont Agency of Transportation				
Highway Planning and Construction	20.205	08100-GR1847	\$ 0	\$ 47,658
Highway Planning and Construction	20.205	08100-ER0208	0	32,472
Total Highway Planning and Construction			0	80,130
Highway Safety Cluster:				
State and Community Highway Safety (OP)	20.600	08100-GR1922	0	392
State and Community Highway Safety	20.600	08100-GR1922	0	6,090
Total State and Community Highway Safety			0	6,482
National Priority Safety Programs (Distracted Driving)	20.616	08100-GR1922	0	1,007
Total Highway Safety Cluster			0	7,489
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (DUI)	20.608	08100-GR1922	0	1,649
Total U.S. Department of Transportation			0	89,268
<u>US Department of Commerce</u>				
Direct Program:				
Economic Development Cluster				
Economic Adjustment Assistance	11.307	N/A	0	374,977
Total U.S. Department of Commerce			0	374,977
Total Federal Awards			\$ 0	\$ 3,665,161

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, 2025. 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.

Certified Public Accountants

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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, 2025, 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 12, 2026. 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 12, 2026
Montpelier, Vermont
VT Lic. #92-000180

Sullivan, Powers & Co., P.C.

Certified Public Accountants

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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, 2025. 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, 2025.

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 12, 2026
Montpelier, Vermont
VT Lic. #92-000180

TOWN OF HARDWICK, VERMONT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

There were no prior year audit findings noted.

TOWN OF HARDWICK, VERMONT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified:

- Governmental Activities
- General Fund
- Jeudevine Building Fund
- Yellow Barn 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, 2025

Major Programs:

<u>AL#</u>	<u>Program</u>	<u>Federal Agency</u>
21.029	Coronavirus Capital Projects Fund	U.S. Department of Treasury
10.766	Community Facility Loans & Grants	U.S. Department of Agriculture
97.036	Disaster Grants Public Assistance (Presidentially Declared Disaster)	U.S. Department of Homeland Security

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.