

Audited Financial Statements and
Other Financial Information

Town of Hartford, Maine

June 30, 2023



Proven Expertise & Integrity

TOWN OF HARTFORD, MAINE

CONTENTS

JUNE 30, 2023

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5 - 12
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	13
STATEMENT B - STATEMENT OF ACTIVITIES	14 - 15
FUND FINANCIAL STATEMENTS	
STATEMENT C - BALANCE SHEET - GOVERNMENTAL FUNDS	16
STATEMENT D - RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE GOVERNMENTAL FUNDS BALANCE SHEET	17
STATEMENT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	18
STATEMENT F - RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
NOTES TO FINANCIAL STATEMENTS	20 - 47
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	48
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	49
SCHEDULE 2 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT	50
SCHEDULE 3 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND	

RELATED RATIOS - MMEHT	51
SCHEDULE 4 - SCHEDULE OF CONTRIBUTIONS - OPEB - MMEHT	52
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	53
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	54
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	55 - 56
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	57
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	58
SPECIAL REVENUE FUNDS DESCRIPTION	59
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	60
SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	61
CAPITAL PROJECTS FUNDS DESCRIPTION	62
SCHEDULE F - COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS	63 - 64
SCHEDULE G - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS	65 - 66
PERMANENT FUNDS DESCRIPTION	67
SCHEDULE H - COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS	68
SCHEDULE I - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR PERMANENT FUNDS	69
GENERAL CAPITAL ASSETS DESCRIPTION	70

SCHEDULE J - SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION	71
SCHEDULE K - SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION	72
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	73 - 74



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Hartford
Hartford, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hartford, Maine, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Hartford Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Town of Hartford, Maine as of June 30, 2023 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Hartford, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Hartford, Maine'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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 Hartford, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Hartford, Maine'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, budgetary comparison information and OPEB information on pages 5 through 12 and 48 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hartford, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the Town of Hartford, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Hartford Maine'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 Hartford, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
November 20, 2023

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of Town of Hartford, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Hartford's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, OPEB schedules and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The above-mentioned financial statements have been presented for the following activity:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, roads, bridges and highway equipment, solid waste and recycling, community service, education and other.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Hartford, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Hartford are governmental funds.

Governmental funds: All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Town of Hartford presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are general fund and road project fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Changes in Net OPEB Liability - MMEHT, Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT, Schedule of Contributions - OPEB - MMEHT and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$154,891 from \$2,716,392 to \$2,871,283.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$138,917 from a balance of \$1,710,632 to \$1,697,062 at the end of this year.

Table 1
Town of Hartford, Maine
Net Position
June 30,

	2023	2022
Assets:		
Current Assets	\$ 1,891,481	\$1,944,715
Noncurrent Assets - Capital Assets	2,293,963	2,222,073
Total Assets	4,185,444	4,166,788
Deferred Outflows of Resources:		
Deferred Outflows of Related to OPEB	564	822
Total Deferred Inflows of Resources	564	822
Liabilities:		
Current Liabilities	187,003	179,573
Noncurrent Liabilities	1,120,791	1,260,000
Total Liabilities	1,307,794	1,439,573
Deferred Inflows of Resources:		
Prepaid Taxes	3,227	6,787
Deferred Inflows of Related to OPEB	3,704	4,858
Total Deferred Inflows of Resources	6,931	11,645
Net Position:		
Net Investment in Capital Assets	1,033,963	822,073
Restricted	126,688	322,604
Unrestricted	1,710,632	1,571,715
Total Net Position	\$ 2,871,283	\$2,716,392

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 1.24%. Total expenses increased by 18.08%. The decrease in revenues was primarily due to grants and contributions not restricted to specific programs. The largest increase in expenses was in roads, bridges and highway equipment.

Table 2
Town of Hartford, Maine
Change in Net Position
For the Years Ended June 30,

	<u>2023</u>	<u>2022</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 20,624	\$ 20,741
Operating grants and contributions	36,644	36,844
<i>General Revenues:</i>		
Property taxes	2,289,492	2,248,489
Excise taxes	267,916	260,160
Grants and contributions not restricted to specific programs	436,066	522,088
Miscellaneous	33,485	34,607
Total Revenues	<u>3,084,227</u>	<u>3,122,929</u>
Expenses		
General government	248,071	227,133
Public safety	95,552	89,974
Roads, bridges and highway equipment	813,542	473,834
Solid waste and recycling	110,100	111,169
Community service	24,731	13,682
Education	1,454,315	1,429,749
County tax	129,219	123,206
Other	53,806	6,751
Capital outlay	-	5,250
Total Expenses	<u>2,929,336</u>	<u>2,480,748</u>
Change in Net Position	154,891	642,181
Net Position - July 1	<u>2,716,392</u>	<u>2,074,211</u>
Net Position - June 30	<u>\$ 2,871,283</u>	<u>\$ 2,716,392</u>

Financial Analysis of the Town's Fund Statements

Governmental funds: The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

Table 3
Town of Hartford, Maine
Fund Balances (Deficits) - Governmental Funds
June 30,

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 3,227	\$ 6,787	\$ (3,560)
Committed	30,000	-	30,000
Unassigned	1,370,503	1,326,072	44,431
Total General Fund	<u>\$ 1,403,730</u>	<u>\$ 1,332,859</u>	<u>\$ 70,871</u>
Road Project Fund			
Restricted	\$ -	\$ 129,140	\$ (129,140)
Total Road Project Fund	<u>\$ -</u>	<u>\$ 129,140</u>	<u>\$ (129,140)</u>
Nonmajor Funds			
Special Revenue Funds:			
Restricted	\$ 78,489	\$ 141,862	\$ (63,373)
Committed	2,282	2,282	-
Capital Projects Funds:			
Committed	50,000	-	50,000
Assigned	133,391	135,188	(1,797)
Unassigned (Deficit)	(1,250)	(3,819)	2,569
Permanent Funds:			
Nonspendable	22,837	22,837	-
Restricted	22,135	21,978	157
Total Nonmajor Funds	<u>\$ 307,884</u>	<u>\$ 320,328</u>	<u>\$ (12,444)</u>

The changes in total fund balances for the general fund, road project fund and the nonmajor funds occurred due to the regular activity of operations.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budget by \$187,163. This was the result of all revenue categories except for property taxes and tax interest/lien costs being receipted at more than budgeted amounts.

The general fund actual expenditures were under budget by \$60,417. All expenditure categories were within or below budgeted amounts with the exception of solid waste and recycling.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$71,890 from the prior year. This increase is the result of current year net capital acquisitions of \$140,015, less depreciation expense of \$68,125.

Table 4
Town of Hartford, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2023</u>	<u>2022</u>
Land	\$ 135,910	\$1,406,770
Buildings, building improvements and land improvements	158,748	160,945
Machinery, equipment and vehicles	6,853	4,634
Infrastructure	<u>1,992,452</u>	<u>649,724</u>
Total	<u>\$2,293,963</u>	<u>\$2,222,073</u>

Debt

At June 30, 2023, the Town has a \$1,260,000 bond payable versus \$1,400,000 in the prior year. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 as of the date this report was issued.

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately six months. The Town also maintains significant reserve accounts for future capital and program needs.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 1196 Main Street, Hartford, Maine 04220.

TOWN OF HARTFORD, MAINE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,679,560
Investments	64,061
Accounts receivable (net of allowance for uncollectibles):	
Taxes	126,485
Liens	21,375
Total current assets	1,891,481
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	135,910
Buildings, equipment and infrastructure, net of accumulated depreciation	2,158,053
Total noncurrent assets	2,293,963
TOTAL ASSETS	4,185,444
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	564
TOTAL DEFERRED OUTFLOWS OF RESOURCES	564
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,186,008
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 47,003
Current portion of long-term obligations	140,000
Total current liabilities	187,003
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bond payable	1,120,000
Total noncurrent liabilities	1,120,791
TOTAL LIABILITIES	1,307,794
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	3,227
Deferred inflows related to OPEB	3,704
TOTAL DEFERRED INFLOWS OF RESOURCES	6,931
NET POSITION	
Net investment in capital assets	1,033,963
Restricted	126,688
Unrestricted	1,710,632
TOTAL NET POSITION	2,871,283
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 4,186,008

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 248,071	\$ 18,447	\$ -	\$ -	\$ (229,624)
Public safety	95,552	1,243	-	-	(94,309)
Roads, bridges and highway equipment	813,542	-	36,644	-	(776,898)
Solid waste and recycling	110,100	934	-	-	(109,166)
Community service	24,731	-	-	-	(24,731)
Education	1,454,315	-	-	-	(1,454,315)
County tax	129,219	-	-	-	(129,219)
Other	53,806	-	-	-	(53,806)
Total government	<u>\$ 2,929,336</u>	<u>\$ 20,624</u>	<u>\$ 36,644</u>	<u>\$ -</u>	<u>(2,872,068)</u>

STATEMENT B (CONTINUED)

TOWN OF HARTFORD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,872,068)</u>
General revenues:	
Taxes:	
Property taxes	2,289,492
Excise taxes	267,916
Grants and contributions not restricted to specific programs	436,066
Miscellaneous	<u>33,485</u>
Total general revenues	<u>3,026,959</u>
Change in net position	154,891
NET POSITION - JULY 1	<u>2,716,392</u>
NET POSITION - JUNE 30	<u>\$ 2,871,283</u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT C

TOWN OF HARTFORD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Road Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,671,694	\$ -	\$ 7,866	\$ 1,679,560
Investments	-	-	64,061	64,061
Accounts receivables (net of allowance for uncollectibles):				
Taxes	126,485	-	-	126,485
Liens	21,375	-	-	21,375
Due from other funds	10,251	-	267,917	278,168
TOTAL ASSETS	\$ 1,829,805	\$ -	\$ 339,844	\$ 2,169,649
LIABILITIES				
Accounts payable	\$ 47,003	\$ -	\$ -	\$ 47,003
Due to other funds	267,917	-	10,251	278,168
TOTAL LIABILITIES	314,920	-	10,251	325,171
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	3,227		-	3,227
Deferred tax revenues	129,637		-	129,637
TOTAL DEFERRED INFLOWS OF RESOURCES	132,864		-	132,864
FUND BALANCES				
Nonspendable	3,227	-	22,837	26,064
Restricted	-	-	114,194	114,194
Committed	30,000	-	52,282	82,282
Assigned	-	-	141,530	141,530
Unassigned (Deficit)	1,348,794	-	(1,250)	1,347,544
TOTAL FUND BALANCES	1,382,021	-	329,593	1,711,614
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,829,805	\$ -	\$ 339,844	\$ 2,169,649

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023

Total Fund Balances	\$ 1,711,614
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, net of accumulated depreciation	2,293,963
Other long term assets are not available to pay for current period expenditures therefore are deferred in the funds shown above:	
Taxes and liens receivable	129,637
Deferred outflows of resources related to pension are not financial resources and therefore are not reported in the funds	564
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bond payable	(1,260,000)
Deferred inflows of resources related to pension are not financial resources and therefore are not reported in the funds	<u>(3,704)</u>
Net position of governmental activities	<u><u>\$ 2,871,283</u></u>

See accompanying independent auditor's report and notes to financial statements.

STATEMENT E

TOWN OF HARTFORD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Road Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 2,275,883	\$ -	\$ -	\$ 2,275,883
Excise taxes	267,916	-	-	267,916
Intergovernmental revenues	472,710	-	-	472,710
Charges for services	20,624	-	-	20,624
Miscellaneous revenues	32,835	-	650	33,485
TOTAL REVENUES	3,069,968	-	650	3,070,618
EXPENDITURES				
Current:				
General government	243,008	-	-	243,008
Public safety	95,552	-	-	95,552
Roads, bridges and highway equipment	897,678	-	-	897,678
Solid waste and recycling	110,100	-	-	110,100
Community service	24,731	-	-	24,731
Education	1,454,315	-	-	1,454,315
County tax	129,219	-	-	129,219
Other	3,703	-	50,103	53,806
Capital outlay	-	129,140	3,782	132,922
TOTAL EXPENDITURES	2,958,306	129,140	53,885	3,141,331
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	111,662	(129,140)	(53,235)	(70,713)
OTHER FINANCING SOURCES (USES)				
Transfers in	21,709	-	62,500	84,209
Transfers (out)	(62,500)	-	(21,709)	(84,209)
TOTAL OTHER FINANCING SOURCES (USES)	(40,791)	-	40,791	-
NET CHANGE IN FUND BALANCES	70,871	(129,140)	(12,444)	(70,713)
FUND BALANCES - JULY 1	1,332,859	129,140	320,328	1,782,327
FUND BALANCES - JUNE 30	\$ 1,403,730	\$ -	\$ 307,884	\$ 1,711,614

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (70,713)</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	140,015
Depreciation expense	<u>(68,125)</u>
	<u>71,890</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
OPEB	<u>(258)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes and liens receivable	<u>13,609</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position	
	<u>140,000</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
OPEB	<u>1,154</u>
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:	
Net OPEB liability	<u>(791)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 154,891</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Hartford was incorporated under the laws of the State of Maine. The Town operates under the selectboard-treasurer form of government and provides the following services: general government, public safety, roads, bridges and highway equipment, solid waste and recycling, community service, education and other.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from the government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Road Project Fund uses bond proceeds from the Maine Municipal Bond Bank for road projects, which consists of paving and/or overlay of the pavement on certain roads.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

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.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Hartford has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$0 for the year ended June 30, 2023.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	15 years
Equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of a bond payable and net OPEB liability.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds as needed unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement 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/expenditure) until then. The Town currently has deferred outflows of resources related to OPEB, which arise only under the accrual basis of accounting that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has deferred tax revenues, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows of resources related to OPEB also qualifies for reporting in this category. This item is only reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied October 22, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due on December 1, 2022 and May 1, 2023. Interest on unpaid taxes commenced on December 2, 2022 and May 2, 2023 at 4% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$42,619 for the year ended June 30, 2023.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2023, the Town's cash and cash equivalents amounting to \$1,675,060 were comprised of bank deposits of \$1,674,848. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Savings accounts	\$ 7,867
Sweep accounts	1,666,981
	<u>\$ 1,674,848</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$64,061 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Town's investments of \$64,061 of certificates of deposit were all insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General Fund	\$ 10,251	\$ 267,917
Nonmajor Special Revenue Funds	94,341	-
Nonmajor Capital Projects Funds	173,576	10,251
	<u>\$ 278,168</u>	<u>\$ 278,168</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>6/30/23</u>
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 135,910	\$ -	\$ -	\$ 135,910
Construction in progress	1,270,860	-	(1,270,860)	-
	<u>1,406,770</u>	<u>-</u>	<u>(1,270,860)</u>	<u>135,910</u>
Depreciated assets:				
Buildings and improvements	400,483	7,865	-	408,348
Equipment and vehicles	59,910	3,010	-	62,920
Infrastructure	859,055	1,400,000	-	2,259,055
	1,319,448	1,410,875	-	2,730,323
Less: accumulated depreciation	<u>(504,145)</u>	<u>(68,125)</u>	-	<u>(572,270)</u>
	<u>815,303</u>	<u>1,342,750</u>	<u>-</u>	<u>2,158,053</u>
Net capital assets	<u>\$2,222,073</u>	<u>\$1,342,750</u>	<u>\$ (1,270,860)</u>	<u>\$2,293,963</u>
<u>Current year depreciation</u>				
General government				\$ 5,168
Roads, bridges and highway equipment				62,957
Total depreciation expense				<u>\$ 68,125</u>

TOWN OF HARTFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - LONG -TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Due Within One Year
Bond Payable	\$ 1,400,000	\$ -	\$(140,000)	\$1,260,000	\$140,000

The following is a summary of the outstanding bond payable:

Town of Hartford Capital Improvement Loan, bearing fixed interest rates ranging from 0.6100% - 1.7800% per annum, due in annual installments of \$140,000 plus interest through November 1, 2031. \$1,260,000

The following is a summary of outstanding bond payable principal and interest requirements for the following fiscal years ending June 30:

	Principal	Interest	Total Debt Service
2024	\$ 140,000	\$ 15,183	\$ 155,183
2025	140,000	14,182	154,182
2026	140,000	13,013	153,013
2027	140,000	11,627	151,627
2028	140,000	9,975	149,975
2029-2032	560,000	18,942	578,942
	<u>\$ 1,260,000</u>	<u>\$ 82,922</u>	<u>\$ 1,342,922</u>

All bonds payable and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

TOWN OF HARTFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Due Within One Year
Net OPEB Liability	\$ -	\$ 1,154	\$ (363)	\$ 791	\$ -

Please see Note 15 for detailed information on net OPEB liability.

NOTE 7 - OVERLAPPING DEBT

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. As of June 30, 2023, Oxford County did not have any debt. The Town's share of school debt was approximately as follows:

	Outstanding Debt	Town's Percentage	Total Share
RSU No. 10	\$ 4,882,105	9.97%	\$ 486,746

NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investments in capital assets for the Town at June 30, 2023

Invested in capital assets	\$ 2,866,233
Accumulated depreciation	(572,270)
Outstanding capital related debt	(1,260,000)
	<u>\$ 1,033,963</u>

TOWN OF HARTFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - RESTRICTED NET POSITION

The Town had the following restricted net position at June 30, 2023:

General Fund - Prepaid Taxes	\$ 3,227
Nonmajor Special Revenue Funds:	
ARPA Fund	78,489
Nonmajor Permanent Funds:	
Nonspendable - Principal:	
Laura Fogg Irish Trust	12,537
Evelyn Hutchinson Trust	2,000
Cemetery Trust	8,300
Nonmajor Permanent Funds:	
Laura Fogg Irish Trust	16,574
Evelyn Hutchinson Trust	924
Cemetery Trust	4,637
	<u>\$ 126,688</u>

NOTE 10 - NONSPENDABLE FUND BALANCES

The Town had the following nonspendable fund balances at June 30, 2023:

General Fund - Prepaid Taxes	\$ 3,227
Nonmajor Permanent Funds (Schedule H)	22,837
	<u>\$ 26,064</u>

NOTE 11 - RESTRICTED FUND BALANCES

The Town had the following restricted fund balances at June 30, 2023:

Nonmajor Special Revenue Funds (Schedule D)	\$ 78,489
Nonmajor Permanent Funds (Schedule H)	22,135
	<u>\$ 100,624</u>

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 - COMMITTED FUND BALANCES

The Town had the following committed fund balances at June 30, 2023:

General Fund:	
Use of Fund Balance FY 2024 Budget	\$ 30,000
Nonmajor Special Revenue Funds (Schedule D)	2,282
Nonmajor Capital Projects Funds (Schedule F)	50,000
	<u>\$ 82,282</u>

NOTE 13 - ASSIGNED FUND BALANCES

The Town had the following assigned fund balances at June 30, 2023:

Nonmajor Capital Projects Funds (Schedule F)	<u>\$ 133,391</u>
--	-------------------

NOTE 14 - DEFICIT FUND BALANCES

The Town had the following deficit fund balances at June 30, 2023:

Nonmajor Capital Projects Fund:	
Capital Reserve	<u>\$ 1,250</u>

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment*

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Benefits Other Than Pensions. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active members	1
Retirees and spouses	-
Total	<u>1</u>

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,140.92	\$2,559.25
Medicare-Eligible Retirees	\$600.50	\$1,201.00

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Town reported a liability of \$791 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the Town recognized OPEB revenue of \$105. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 205	\$ 3,628
Changes of assumptions	359	76
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 564</u>	<u>\$ 3,704</u>

\$0 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>
Plan year ended December 31:	
2024	\$ (971)
2025	(969)
2026	(1,181)
2027	(19)
2028	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2023. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 935	\$ 791	\$ 675
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 935</u>	<u>\$ 791</u>	<u>\$ 675</u>

Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
--	-------	-------	-------

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 643	\$ 791	\$ 981
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 643</u>	<u>\$ 791</u>	<u>\$ 981</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2023, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Amortization

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

TOWN OF HARTFORD, MAINE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Assumptions

The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2023, they are as follows:

Discount Rate - 3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2023_fl was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capital 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2023 to 2026 were based on plan design, population weighting, renewal projections and market analysis. For years 2027 to 2031, these are interpolated from 2026 to 2032 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality:

Healthy Annuitant- Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits - Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2023 was (\$3,423).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town Office at 1196 Main Street, Hartford, Maine 04220.

NOTE 16 - 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 and natural disasters for which the Town participates in a public entity risk pool sponsored by the Maine Municipal Association. The Maine Municipal Association Group Risk Pool is a state chartered pool established exclusively for Maine municipalities. The pool provides certain property, liability, fidelity and vehicle coverage. If the assets of the pool are at any time actuarially determined to be insufficient to enable the pool to discharge its legal obligations, other obligations and actuarially sound reserves, the pool has the power to make up the deficiency by the levy of a prorated assessment. There have been no deficiencies during the past three years and management believes that no deficiency exists at June 30, 2023.

The Town is a member of the Maine Municipal Association - Property and Casualty Pool and pays an annual premium for its coverage. Under the property portion of the policy, coverage is provided after a per occurrence deductible is met. The limit of coverage for liability claims brought under the Maine Tort Claims Act is \$400,000 per occurrence. A \$2,000,000 limit of liability is provided for liability claims outside the Maine Tort Claims Act. There is no aggregate liability limit. Coverage for Public Officials Liability, including Employment Practices, is a part of the program. Coverage is on an occurrence basis, rather than a "claims made" form. A \$2,000,000 limit of liability is provided for all claims for Wrongful Acts seeking monetary damages pursuant to federal

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - RISK MANAGEMENT (CONTINUED)

or state law for which the Maine Tort Claims Act does not provide immunity or limitations. Each member has a \$4,000,000 annual aggregate limit. An annual sublimit of \$100,000 per member applies for all back wages and/or future salary awards for employment related claims, subject to a \$5,000 retention and a 10% contribution by the member.

The Town is also a member of the Maine Municipal Association - Worker Compensation Trust Fund ("Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for worker's compensation coverage and develop a comprehensive loss control program. The Town pays an annual premium to the fund for its worker's compensation coverage. The Town's agreement with the Fund provides that the fund will be self-sustaining through member premiums and will provide, through commercial companies' reinsurance contracts, coverage for claims in excess of \$1,000,000.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 17 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 18 - COMMITMENTS

The Town of Hartford, Maine, has entered into a contract for fire services with the Towns of Canton, Turner and Buckfield . The contract term for these services began July 1, 2022 and will end June 30, 2025 for fire suppression services..

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - COMMITMENTS (CONTINUED)

The Town entered into a contract for sand with WA Lucas Enterprises LLC beginning July 15, 2021 and ending June 30, 2024.

The Town has also entered into a contract for trash and recycling services with Archies Inc. There are additional tipping fees within the contract. The contract term for these services is for three years beginning July 1, 2021 and ending June 30, 2026, with a renewal option of two years.

The annual contract costs for these services are as follows:

Year Ending June 30,	Plowing	Sanding	Trash and Recycling	Fire and Rescue
2024	\$ 338,670	\$ 60,000	\$ 63,217	\$ 86,155
2025	352,590	-	63,217	91,050
2026	362,250	-	64,589	-
	<u>\$ 1,053,510</u>	<u>\$ 60,000</u>	<u>\$ 191,023</u>	<u>\$177,205</u>

For the twelve months ended June 30, 2023, The Town paid \$477,272 for plowing and sanding services, \$839,819 for paving, \$110,994 for trash, tipping fees and recycling services and \$7,500 for mowing services. All future contract amounts are subject to annual appropriation by the Town of Hartford, Maine.

NOTE 19 - RELATED PARTY TRANSACTIONS

The Town's Selectboard entered into a contract with a company that provides miscellaneous public works services to the Town. The owner of the company is also employed by the Town as Road Commissioner. For the fiscal year ended June 30, 2023, payments made to the company were \$448,448.

NOTE 20 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

TOWN OF HARTFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 21 - OVERSPENT APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2023:

Sanitation	<u>\$ 38,690</u>
------------	------------------

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Changes in Net OPEB Liability - MMEHT
- Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT
- Schedule of Contributions - OPEB - MMEHT
- Notes to Required Supplementary Information

TOWN OF HARTFORD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,332,859	\$ 1,332,859	\$ 1,332,859	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	2,289,493	2,289,493	2,275,883	(13,610)
Excise taxes	216,500	216,500	267,916	51,416
Intergovernmental revenues:				
State revenue sharing	187,716	187,716	265,946	78,230
Homestead exemption	125,345	125,345	130,800	5,455
Local road assistance	34,000	34,000	36,644	2,644
Tree growth reimbursement	18,000	18,000	35,758	17,758
Other	1,860	1,860	3,562	1,702
Charges for services	11,600	11,600	20,624	9,024
Interest income	2,000	2,000	5,187	3,187
Tax interest/lien costs	18,000	18,000	13,530	(4,470)
Miscellaneous revenues	-	-	14,118	14,118
Transfers from other funds	-	-	21,709	21,709
Amounts Available for Appropriation	<u>4,237,373</u>	<u>4,237,373</u>	<u>4,424,536</u>	<u>187,163</u>
Charges to Appropriations (Outflows):				
General government	261,459	261,459	243,008	18,451
Public safety	131,552	131,552	95,552	36,000
Roads, bridges and highway equipment	822,709	899,418	897,678	1,740
Solid waste and recycling	71,410	71,410	110,100	(38,690)
Community service	15,731	25,731	24,731	1,000
Education	1,454,315	1,454,315	1,454,315	-
County tax	129,219	129,219	129,219	-
Other	45,619	45,619	3,703	41,916
Transfers to other funds	2,500	62,500	62,500	-
Total Charges to Appropriations	<u>2,934,514</u>	<u>3,081,223</u>	<u>3,020,806</u>	<u>60,417</u>
Budgetary Fund Balance, June 30	<u>\$ 1,302,859</u>	<u>\$ 1,156,150</u>	<u>\$ 1,403,730</u>	<u>\$ 247,580</u>
Utilization of unassigned fund balance	<u>\$ 30,000</u>	<u>\$ 168,570</u>	<u>\$ -</u>	<u>\$ (168,570)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT
FOR THE YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/22 (Reporting December 31, 2022)	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	868	-	868
Interest	18	-	18
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(95)	-	(95)
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>791</u>	<u>-</u>	<u>791</u>
Balances at 1/1/23 (Reporting December 31, 2023)	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ 791</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
AND RELATED RATIOS - MMEHT
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost (BOY)	868	1,309	1,169	883	943	-
Interest (includes interest on service cost)	18	126	116	72	32	-
Changes of benefit terms	-	-	-	(60)	-	-
Differences between expected and actual experience	-	(6,048)	-	613	-	-
Changes of assumptions	(95)	-	276	661	(92)	-
Benefit payments, including refunds of member contributions	-	-	-	-	-	-
Net change in total OPEB liability	\$ 791	\$ (4,613)	\$ 1,561	\$ 2,169	\$ 883	\$ -
Total OPEB liability - beginning	\$ -	\$ 4,613	\$ 3,052	\$ 883	\$ -	\$ -
Total OPEB liability - ending	\$ 791	\$ -	\$ 4,613	\$ 3,052	\$ 883	\$ -
<u>Plan fiduciary net position</u>						
Contributions - employer	-	-	-	-	-	-
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	\$ 791	\$ -	\$ 4,613	\$ 3,052	\$ 883	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 50,000	\$ 50,000	\$ 27,300	\$ 27,300	\$ 27,300	\$ 27,300
Net OPEB liability as a percentage of covered payroll	1.6%	0.0%	16.9%	11.2%	3.2%	0.0%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB - MMEHT
LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>						
Employer contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefit payments	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 50,000	\$ 50,000	\$ 27,300	\$27,300	\$27,300	\$27,300
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

Maine Municipal Health Trust

There was a change in the discount rate from 2.06% to 3.72% per GASB 75 discount rate selection. Ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF HARTFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government					
Administration	\$ 260,959	\$ -	\$ 260,959	\$ 242,524	\$ 18,435
Garage	500	-	500	484	16
Subtotal General Government	<u>261,459</u>	<u>-</u>	<u>261,459</u>	<u>243,008</u>	<u>18,451</u>
Public Safety					
Public safety	<u>131,552</u>	<u>-</u>	<u>131,552</u>	<u>95,552</u>	<u>36,000</u>
Subtotal Public Safety	<u>131,552</u>	<u>-</u>	<u>131,552</u>	<u>95,552</u>	<u>36,000</u>
Roads, Bridges and Highway Equipment					
Summer roads	688,709	76,709	765,418	765,418	-
Winter roads	<u>134,000</u>	<u>-</u>	<u>134,000</u>	<u>132,260</u>	<u>1,740</u>
Subtotal Roads, Bridges and Highway Equipment	<u>822,709</u>	<u>76,709</u>	<u>899,418</u>	<u>897,678</u>	<u>1,740</u>
Solid Waste and Recycling					
Sanitation	<u>71,410</u>	<u>-</u>	<u>71,410</u>	<u>110,100</u>	<u>(38,690)</u>
Subtotal Solid Waste and Recycling	<u>71,410</u>	<u>-</u>	<u>71,410</u>	<u>110,100</u>	<u>(38,690)</u>

TOWN OF HARTFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Community Service					
Social services	14,731	10,000	24,731	24,731	-
General assistance	1,000	-	1,000	-	1,000
Subtotal Community Service	<u>15,731</u>	<u>10,000</u>	<u>25,731</u>	<u>24,731</u>	<u>1,000</u>
Education	<u>1,454,315</u>	<u>-</u>	<u>1,454,315</u>	<u>1,454,315</u>	<u>-</u>
County Tax	<u>129,219</u>	<u>-</u>	<u>129,219</u>	<u>129,219</u>	<u>-</u>
Other					
Contingency	3,000	-	3,000	-	3,000
Overlay	42,619	-	42,619	3,703	38,916
Subtotal Other	<u>45,619</u>	<u>-</u>	<u>45,619</u>	<u>3,703</u>	<u>41,916</u>
Transfers to Other Funds					
Capital projects funds	2,500	60,000	62,500	62,500	-
Subtotal Transfers to Other Funds	<u>2,500</u>	<u>60,000</u>	<u>62,500</u>	<u>62,500</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u><u>\$ 2,934,514</u></u>	<u><u>\$ 146,709</u></u>	<u><u>\$ 3,081,223</u></u>	<u><u>\$ 3,020,806</u></u>	<u><u>\$ 60,417</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 30	\$ 7,836	\$ 7,866
Investments	-	26,925	37,136	64,061
Due from other funds	80,771	165,437	-	246,208
TOTAL ASSETS	<u>\$ 80,771</u>	<u>\$ 192,392</u>	<u>\$ 44,972</u>	<u>\$ 318,135</u>
LIABILITIES				
Due to other funds	\$ -	\$ 10,251	\$ -	\$ 10,251
TOTAL LIABILITIES	<u>-</u>	<u>10,251</u>	<u>-</u>	<u>10,251</u>
FUND BALANCES				
Nonspendable	-	-	22,837	22,837
Restricted	78,489	-	22,135	100,624
Committed	2,282	50,000	-	52,282
Assigned	-	133,391	-	133,391
Unassigned (Deficit)	-	(1,250)	-	(1,250)
TOTAL FUND BALANCES	<u>80,771</u>	<u>182,141</u>	<u>44,972</u>	<u>307,884</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 80,771</u>	<u>\$ 192,392</u>	<u>\$ 44,972</u>	<u>\$ 318,135</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ 193	\$ 457	\$ 650
TOTAL REVENUES	<u>-</u>	<u>193</u>	<u>457</u>	<u>650</u>
EXPENDITURES				
Capital outlay	-	3,782	-	3,782
Other	49,803	-	300	50,103
TOTAL EXPENDITURES	<u>49,803</u>	<u>3,782</u>	<u>300</u>	<u>53,885</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,803)</u>	<u>(3,589)</u>	<u>157</u>	<u>(53,235)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	62,500	-	62,500
Transfers (out)	(13,570)	(8,139)	-	(21,709)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,570)</u>	<u>54,361</u>	<u>-</u>	<u>40,791</u>
NET CHANGE IN FUND BALANCES	(63,373)	50,772	157	(12,444)
FUND BALANCES - JULY 1	<u>144,144</u>	<u>131,369</u>	<u>44,815</u>	<u>320,328</u>
FUND BALANCES - JUNE 30	<u>\$ 80,771</u>	<u>\$ 182,141</u>	<u>\$ 44,972</u>	<u>\$ 307,884</u>

See accompanying independent auditor's report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	FEMA Grant	Goodwill Supper	ARPA Fund	Total
ASSETS				
Due from other funds	\$ -	\$ 2,282	\$ 78,489	\$ 80,771
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,282</u>	<u>\$ 78,489</u>	<u>\$ 80,771</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	78,489	78,489
Committed	-	2,282	-	2,282
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>2,282</u>	<u>78,489</u>	<u>80,771</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 2,282</u>	<u>\$ 78,489</u>	<u>\$ 80,771</u>

See accompanying independent auditor's report and notes to financial statements.

SCHEDULE E

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	FEMA Grant	Goodwill Supper	ARPA Fund	Total
REVENUES				
Intergovernmental revenue	\$ (13,570)	\$ -	\$ -	\$ (13,570)
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Other	-	-	49,803	49,803
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>49,803</u>	<u>49,803</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	(13,570)	-	-	(13,570)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,570)</u>	<u>-</u>	<u>-</u>	<u>(13,570)</u>
NET CHANGE IN FUND BALANCES	(13,570)	-	(49,803)	(63,373)
FUND BALANCES - JULY 1	<u>13,570</u>	<u>2,282</u>	<u>128,292</u>	<u>144,144</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 2,282</u>	<u>\$ 78,489</u>	<u>\$ 80,771</u>

See accompanying independent auditor's report and notes to financial statements.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	Sand/Salt Reserve	Equipment Reserve	Capital Reserve	Town Office Improvements	Animal Control	Legal Fees	Broadband Grant
ASSETS							
Cash and cash equivalents	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	17,924	9,001	-	-	-	-
Due from other funds	-	11,999	-	50,000	10,187	38,250	4,000
TOTAL ASSETS	\$ 30	\$ 29,923	\$ 9,001	\$ 50,000	\$ 10,187	\$ 38,250	\$ 4,000
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 10,251	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	10,251	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	50,000	-	-	-
Assigned	30	29,923	-	-	10,187	38,250	4,000
Unassigned	-	-	(1,250)	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	30	29,923	(1,250)	50,000	10,187	38,250	4,000
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 30	\$ 29,923	\$ 9,001	\$ 50,000	\$ 10,187	\$ 38,250	\$ 4,000

SCHEDULE F (CONTINUED)

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2023

	GA Reserve	Veteran's Memorial	Revaluation Reserve	Cemetery Reserve	Summer Reserve	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30
Investments	-	-	-	-	-	26,925
Due from other funds	1,500	286	31,050	798	17,367	165,437
TOTAL ASSETS	\$ 1,500	\$ 286	\$ 31,050	\$ 798	\$ 17,367	\$ 192,392
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,251
TOTAL LIABILITIES	-	-	-	-	-	10,251
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	50,000
Assigned	1,500	286	31,050	798	17,367	133,391
Unassigned	-	-	-	-	-	(1,250)
TOTAL FUND BALANCES (DEFICITS)	1,500	286	31,050	798	17,367	182,141
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,500	\$ 286	\$ 31,050	\$ 798	\$ 17,367	\$ 192,392

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Sand/Salt Reserve	Equipment Reserve	Capital Reserve	Town Office Improvements	Animal Control	Legal Fees	Broadband Grant
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 1	\$ 123	\$ 69	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	1	123	69	-	-	-	-
EXPENDITURES							
Capital outlay	639	-	-	-	-	-	-
TOTAL EXPENDITURES	639	-	-	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(638)	123	69	-	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	2,500	50,000	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,500	50,000	-	-	-
NET CHANGE IN FUND BALANCES (DEFICITS)	(638)	123	2,569	50,000	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	668	29,800	(3,819)	-	10,187	38,250	4,000
FUND BALANCES (DEFICITS) - JUNE 30	\$ 30	\$ 29,923	\$ (1,250)	\$ 50,000	\$ 10,187	\$ 38,250	\$ 4,000

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	GA Reserve	Veteran's Memorial	Revaluation Reserve	Cemetery Reserve	Summer Reserve	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193
TOTAL REVENUES	-	-	-	-	-	193
EXPENDITURES						
Capital outlay	-	-	-	3,143	-	3,782
TOTAL EXPENDITURES	-	-	-	3,143	-	3,782
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(3,143)	-	(3,589)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	10,000	-	-	62,500
Transfers (out)	-	-	-	-	(8,139)	(8,139)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	10,000	-	(8,139)	54,361
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	10,000	(3,143)	(8,139)	50,772
FUND BALANCES (DEFICITS) - JULY 1	1,500	286	21,050	3,941	25,506	131,369
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 1,500</u>	<u>\$ 286</u>	<u>\$ 31,050</u>	<u>\$ 798</u>	<u>\$ 17,367</u>	<u>\$ 182,141</u>

See accompanying independent auditor's report and notes to financial statements.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Hartford, Maine that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of cemeteries.

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2023

	Laura Fogg Irish Trust	Evelyn Hutchinson Trust Fund	Cemetery Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 2,275	\$ 924	\$ 4,637	\$ 7,836
Investments	26,836	2,000	8,300	37,136
TOTAL ASSETS	<u>\$ 29,111</u>	<u>\$ 2,924</u>	<u>\$ 12,937</u>	<u>\$ 44,972</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	12,537	2,000	8,300	22,837
Restricted	16,574	924	4,637	22,135
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>29,111</u>	<u>2,924</u>	<u>12,937</u>	<u>44,972</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,111</u>	<u>\$ 2,924</u>	<u>\$ 12,937</u>	<u>\$ 44,972</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Laura Fogg Irish Trust	Evelyn Hutchinson Trust Fund	Cemetery Trust Fund	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ 112	\$ 3	\$ 342	\$ 457
TOTAL REVENUES	112	3	342	457
EXPENDITURES				
Other	300	-	-	300
TOTAL EXPENDITURES	300	-	-	300
NET CHANGE IN FUND BALANCES	(188)	3	342	157
FUND BALANCES - JULY 1	29,299	2,921	12,595	44,815
FUND BALANCES - JUNE 30	\$ 29,111	\$ 2,924	\$ 12,937	\$ 44,972

See accompanying independent auditor's report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

TOWN OF HARTFORD, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
 JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 118,910	\$ 168,290	\$ 33,120	\$ -	\$ 320,320
Roads, Bridges and Highway Equipment	17,000	240,058	29,800	2,259,055	2,545,913
Total General Capital Assets	135,910	408,348	62,920	2,259,055	2,866,233
Less: Accumulated Depreciation	-	(249,600)	(56,067)	(266,603)	(572,270)
Net General Capital Assets	<u>\$ 135,910</u>	<u>\$ 158,748</u>	<u>\$ 6,853</u>	<u>\$ 1,992,452</u>	<u>\$ 2,293,963</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF HARTFORD, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
General Government	\$ 317,310	\$ 3,010	\$ -	\$ 320,320
Roads, Bridges and Highway Equipment	<u>2,408,908</u>	<u>137,005</u>	<u>-</u>	<u>2,545,913</u>
Total General Capital Assets	2,726,218	140,015	-	2,866,233
Less: Accumulated Depreciation	<u>(504,145)</u>	<u>(68,125)</u>	<u>-</u>	<u>(572,270)</u>
Net General Capital Assets	<u><u>\$ 2,222,073</u></u>	<u><u>\$ 71,890</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,293,963</u></u>

See accompanying independent auditor's report and notes to financial statements.



Proven Expertise & Integrity

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 Hartford
Hartford, Maine

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, each major fund and the aggregate remaining fund information of the Town of Hartford, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Hartford, Maine's basic financial statements and have issued our report thereon dated November 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Hartford, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hartford, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hartford, Maine'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hartford, Maine'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 determination of financial statement amounts. 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*. We noted certain other matters that we reported to management of the Town of Hartford, Maine in a separate letter dated November 20, 2023.

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.

RHR Smith & Company

Buxton, Maine
November 20, 2023