

Audited Financial Statements and
Other Financial Information

Town of Hartford, Maine

June 30, 2018



Proven Expertise and Integrity

TOWN OF HARTFORD, MAINE

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JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Selectmen
Town of Hartford
Hartford, Maine

Report on the Financial Statements

We have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates

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made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hartford, Maine as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of 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.

The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and related directly to the

underlying accounting and other records used to prepare the basic financial statements. Such 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 June 5, 2019, on our consideration of the Town of Hartford, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 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
June 5, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

(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, 2018. 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 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, cemetery, 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 two 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 fund is the general 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.

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 decreased by \$5,490 from \$1,833,881 to \$1,828,391.

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 \$31,705 from a balance of \$1,063,062 to \$1,094,767 at the end of this year.

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

	2018	2017
Assets:		
Current Assets	\$ 1,175,884	\$ 1,176,348
Capital Assets	674,750	711,945
Total Assets	1,850,634	1,888,293
Liabilities:		
Current Liabilities	16,598	54,412
Total Liabilities	16,598	54,412
Deferred Inflows of Resources:		
Prepaid Taxes	5,645	-
Total Deferred Inflows of Resources	5,645	-
Net Position:		
Net Investment in Capital Assets	674,750	711,945
Restricted	58,874	58,874
Unrestricted	1,094,767	1,063,062
Total Net Position	\$ 1,828,391	\$ 1,833,881

Revenues and Expenses

Revenues for the Town's governmental activities increased by 7.10%. Total expenses increased by 3.27%. The increase in revenues was primarily due to property taxes. The largest increases in expenses was in general government and roads, bridges and highway equipment.

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

	2018	2017
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 13,590	\$ 13,353
Operating grants and contributions	36,432	35,860
<i>General Revenues:</i>		
Property taxes	2,008,389	1,881,297
Excise taxes	202,489	193,720
Grants and contributions not restricted to specific programs	139,922	138,059
Miscellaneous	46,210	22,485
Total Revenues	2,447,032	2,284,774
Expenses		
General government	179,703	136,984
Public safety	82,776	81,143
Roads, bridges and highway equipment	635,383	591,303
Solid waste and recycling	92,805	93,720
Community service	11,563	14,966
Cemetery	151	265
Education	1,310,109	1,306,879
County tax	92,736	90,253
Other	47,296	59,434
Total Expenses	2,452,522	2,374,947
Change in Net Position	(5,490)	(90,173)
Net Position - July 1	1,833,881	1,924,054
Net Position - June 30	\$ 1,828,391	\$ 1,833,881

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 - Governmental Funds
June 30,

	<u>2018</u>	<u>2017</u>
General Fund:		
Assigned	\$ -	\$ 110,000
Unassigned	819,647	605,787
Total General Fund	<u>\$ 819,647</u>	<u>\$ 715,787</u>
Nonmajor Funds:		
Special Revenue Funds:		
Restricted	\$ 13,570	\$ 13,570
Committed	4,516	4,517
Capital Projects Funds:		
Assigned	112,673	121,445
Permanent Funds:		
Nonspendable-principal	22,837	22,837
Restricted	22,467	22,467
Total Nonmajor Funds	<u>\$ 176,063</u>	<u>\$ 184,836</u>

The general fund total fund balance increased by \$103,860 from the prior fiscal year mainly due to revenues exceeding expenditures. The nonmajor fund balances decreased by \$8,773 from the prior fiscal year. This decrease was primarily due to the expenditures in the Capital Projects' Revaluation Reserve Fund.

Budgetary Highlights

The difference between the original and final budget for the general fund was the use of applied receipts.

The general fund actual revenues exceeded the budget by \$115,933. This was the result of all revenue categories being receipted in excess of budgeted amounts with the exception of tree growth reimbursement.

The general fund actual expenditures were under budget by \$47,927. All expenditure categories were within or under budget with the exception of transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Town decreased by \$37,195 from the prior year. This decrease is the result of current year depreciation expense.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 129,910	\$ 129,910
Buildings, building improvements and land improvements	191,178	200,830
Machinery, equipment and vehicles	3,312	3,905
Infrastructure	<u>350,350</u>	<u>377,300</u>
Total	<u>\$ 674,750</u>	<u>\$ 711,945</u>

Debt

At June 30, 2018, the Town had no long-term debt.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately four 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, 2018

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 835,372
Investments	68,542
Accounts receivable (net of allowance for uncollectibles):	
Taxes	213,389
Liens	57,807
Other	774
Total current assets	1,175,884
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	129,910
Buildings, equipment and infrastructure, net of accumulated depreciation	544,840
Total noncurrent assets	674,750
TOTAL ASSETS	\$ 1,850,634
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 16,598
Total current liabilities	16,598
TOTAL LIABILITIES	16,598
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	5,645
TOTAL DEFERRED INFLOWS OF RESOURCES	5,645
NET POSITION	
Net investment in capital assets	674,750
Restricted: Permanent funds - nonspendable	22,837
Special revenue funds	13,570
Permanent funds	22,467
Unrestricted	1,094,767
TOTAL NET POSITION	1,828,391
TOTAL LIABILITIES AND NET POSITION	\$ 1,850,634

See accompanying independent auditors' report and notes to financial statements.

TOWN OF HARTFORD, MAINE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 179,703	\$ 11,911	\$ -	\$ -	\$ (167,792)
Public safety	82,776	1,679	-	-	(81,097)
Roads, bridges and highway equipment	635,383	-	36,432	-	(598,951)
Solid waste and recycling	92,805	-	-	-	(92,805)
Community service	11,563	-	-	-	(11,563)
Cemetery	151	-	-	-	(151)
Education	1,310,109	-	-	-	(1,310,109)
County tax	92,736	-	-	-	(92,736)
Other	47,296	-	-	-	(47,296)
Total government	<u>\$ 2,452,522</u>	<u>\$ 13,590</u>	<u>\$ 36,432</u>	<u>\$ -</u>	<u>(2,402,500)</u>

STATEMENT B (CONTINUED)

TOWN OF HARTFORD, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(2,402,500)</u>
General revenues:	
Taxes:	
Property taxes	2,008,389
Excise taxes	202,489
Grants and contributions not restricted to specific programs	139,922
Miscellaneous	<u>46,210</u>
Total general revenues	<u>2,397,010</u>
Change in net position	(5,490)
NET POSITION - JULY 1	<u>1,833,881</u>
NET POSITION - JUNE 30	<u><u>\$ 1,828,391</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF HARTFORD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 826,527	\$ 8,845	\$ 835,372
Investments	-	68,542	68,542
Accounts receivables (net of allowance for uncollectibles):			
Taxes	213,389	-	213,389
Liens	57,807	-	57,807
Other	774	-	774
Due from other funds	12	98,688	98,700
TOTAL ASSETS	<u>\$ 1,098,509</u>	<u>\$ 176,075</u>	<u>\$ 1,274,584</u>
LIABILITIES			
Accounts payable	\$ 16,598	\$ -	\$ 16,598
Due to other funds	98,688	12	98,700
TOTAL LIABILITIES	<u>115,286</u>	<u>12</u>	<u>115,298</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5,645	-	5,645
Deferred tax revenues	157,931	-	157,931
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>163,576</u>	<u>-</u>	<u>163,576</u>
FUND BALANCES			
Nonspendable - principal	-	22,837	22,837
Restricted	-	36,037	36,037
Committed	-	4,516	4,516
Assigned	-	112,673	112,673
Unassigned	819,647	-	819,647
TOTAL FUND BALANCES	<u>819,647</u>	<u>176,063</u>	<u>995,710</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,098,509</u>	<u>\$ 176,075</u>	<u>\$ 1,274,584</u>

See accompanying independent auditors' 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, 2018

Total Fund Balances	\$ 995,710
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	674,750
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	<u>157,931</u>
Net position of governmental activities	<u><u>\$ 1,828,391</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF HARTFORD, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 2,071,771	\$ -	\$ 2,071,771
Excise taxes	202,489	-	202,489
Intergovernmental revenues	176,354	-	176,354
Charges for services	13,590	-	13,590
Miscellaneous revenues	46,210	-	46,210
TOTAL REVENUES	2,510,414	-	2,510,414
EXPENDITURES			
Current:			
General government	175,146	-	175,146
Public safety	82,776	-	82,776
Roads, bridges and highway equipment	602,745	-	602,745
Solid waste and recycling	92,805	-	92,805
Community service	11,563	-	11,563
Cemetery	151	-	151
Education	1,310,109	-	1,310,109
County tax	92,736	-	92,736
Other	155	47,141	47,296
TOTAL EXPENDITURES	2,368,186	47,141	2,415,327
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	142,228	(47,141)	95,087
OTHER FINANCING SOURCES (USES)			
Transfers in	-	38,368	38,368
Transfers (out)	(38,368)	-	(38,368)
TOTAL OTHER FINANCING SOURCES (USES)	(38,368)	38,368	-
NET CHANGE IN FUND BALANCES	103,860	(8,773)	95,087
FUND BALANCES - JULY 1	715,787	184,836	900,623
FUND BALANCES - JUNE 30	\$ 819,647	\$ 176,063	\$ 995,710

See accompanying independent auditors' 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, 2018

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 95,087</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:	
Depreciation expense	<u>(37,195)</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>(63,382)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ (5,490)</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 selectmen-treasurer form of government and provides the following services: general government, public safety, roads, bridges and highway equipment, solid waste and recycling, community service, cemetery, 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, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*". The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, "*Omnibus 2017.*" The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues.*" The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

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

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 & 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 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:

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

- 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.

Nonmajor Funds

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. 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 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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deposits and other evidences 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. Allowances for uncollectible accounts netted with accounts receivable were \$774 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018.

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 government-wide financial statements as "internal balances".

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. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fixed assets are valued 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	20 - 50 years
Infrastructure	15 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt 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 debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The Town currently has no long-term debt.

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.

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

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 expressed by the Board of Selectmen.

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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 no deferred outflows of resources.

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 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. 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 19, 2017 on the assessed value listed as of April 1, 2017, for all real and personal property located in the Town. Taxes were due on December 1, 2017 and May 1, 2018. Interest on unpaid taxes commenced on December 2, 2017 and May 2, 2018 at 7% 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

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

excess of 100% is referred to as overlay and amounted to \$18,422 for the year ended June 30, 2018.

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).

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 OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018, the Town's deposits amounting to \$835,372 were comprised of bank deposits of \$850,952. All of these bank deposits were fully insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Savings accounts	\$ 8,992
Sweep accounts	841,960
	<u>\$ 850,952</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.

At June 30, 2018, the Town's investments of \$68,542 of certificates of deposit were all insured by federal depository insurance and consequently were not exposed to custodial credit risk.

At June 30, 2018, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1 - 5 Years</u>
Certificates of Deposit	\$ 68,542	\$ -	\$ 52,748	\$ 15,794
	<u>\$ 68,542</u>	<u>\$ -</u>	<u>\$ 52,748</u>	<u>\$ 15,794</u>

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, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 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	\$ 12	\$ 98,688
Nonmajor Special Revenue Funds	18,086	-
Nonmajor Capital Projects Funds	80,602	-
Nonmajor Permanent Funds	-	12
	<u>\$ 98,700</u>	<u>\$ 98,700</u>

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Disposals	Balance, 6/30/18
<u>Governmental activities</u>				
Non-depreciated assets:				
Land	\$ 129,910	\$ -	\$ -	\$ 129,910
	<u>129,910</u>	<u>-</u>	<u>-</u>	<u>129,910</u>
Depreciated assets:				
Buildings and improvements	392,233	-	-	392,233
Equipment and vehicles	62,082	-	-	62,082
Infrastructure	404,250	-	-	404,250
	858,565	-	-	858,565
Less: accumulated depreciation	(276,530)	(37,195)	-	(313,725)
	<u>582,035</u>	<u>(37,195)</u>	<u>-</u>	<u>544,840</u>
Net capital assets	<u>\$ 711,945</u>	<u>\$ (37,195)</u>	<u>\$ -</u>	<u>\$ 674,750</u>
<u>Current year depreciation</u>				
General government				\$ 4,557
Roads, bridges and highway equipment				32,638
Total depreciation expense				<u>\$ 37,195</u>

NOTE 5 - 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, 2018, 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	<u>\$ 781,552</u>	<u>10.209%</u>	<u>\$ 79,787</u>

TOWN OF HARTFORD, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - NONSPENDABLE FUND BALANCES

The Town had the following nonspendable fund balances at June 30, 2018:

Nonmajor Permanent Funds (Schedule H)	<u>\$ 22,837</u>
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NOTE 7 - RESTRICTED FUND BALANCES

The Town had the following restricted fund balances at June 30, 2018:

Nonmajor Special Revenue Funds (Schedule D)	\$ 13,570
Nonmajor Permanent Funds (Schedule H)	<u>22,467</u>
	<u>\$ 36,037</u>

NOTE 8 - COMMITTED FUND BALANCES

The Town had the following committed fund balances at June 30, 2018:

Nonmajor Special Revenue Funds (Schedule D)	<u>\$ 4,516</u>
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NOTE 9 - ASSIGNED FUND BALANCES

The Town had the following assigned fund balances at June 30, 2018:

Capital Projects Funds (Schedule F)	<u>\$ 112,673</u>
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NOTE 10 - OVERSPENT APPROPRIATIONS

The Town had the following overspent appropriations at June 30, 2018:

Transfers to other funds	<u>\$ 5,613</u>
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TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - 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, 2018.

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 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, 2018. 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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 - 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 13 - COMMITMENTS

The Town of Hartford, Maine, has entered into a contract for plowing and sanding services with McNeil Farms Inc. The contract term for these services is for three years beginning October 15, 2016 and ending April 30, 2019. The Town has also entered into a contract for trash and recycling services with Archies Inc. The contract term for these services is for three years beginning July 1, 2016 and ending June 30, 2019, with a renewal option of two years. The Town has also entered into a similar 3 year contract for mowing with Isaac Haylock. The annual contract costs for these services are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Plowing and</u> <u>Sanding</u>	<u>Trash and</u> <u>Recycling</u>	<u>Mowing</u>
2019	177,563	40,619	6,000

For the twelve months ended June 30, 2018, The Town paid \$172,764 for plowing and sanding services and \$40,194 for trash and recycling services. All future contract amounts are subject to annual appropriation by the Town of Hartford.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Town's Board of Selectmen 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, 2018, payments made to the company were \$188,748.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - 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.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government 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

TOWN OF HARTFORD, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 715,787	\$ 715,787	\$ 715,787	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	2,004,182	2,004,182	2,071,771	67,589
Excise taxes	171,500	171,500	202,489	30,989
Intergovernmental revenues:				
State revenue sharing	50,000	50,000	62,288	12,288
Homestead exemption	59,276	59,276	60,930	1,654
Local road assistance	36,243	36,243	36,432	189
Tree growth reimbursement	20,000	20,000	14,765	(5,235)
Other	1,500	1,500	1,939	439
Charges for services	11,030	11,030	13,590	2,560
Interest income	1,250	1,250	1,825	575
Tax interest/lien costs	16,500	16,500	20,771	4,271
Miscellaneous revenues	500	23,000	23,614	614
Amounts Available for Appropriation	<u>3,087,768</u>	<u>3,110,268</u>	<u>3,226,201</u>	<u>115,933</u>
Charges to Appropriations (Outflows):				
General government	193,242	193,242	175,146	18,096
Public safety	90,027	90,027	82,776	7,251
Roads, bridges and highway equipment	600,600	602,745	602,745	-
Solid waste and recycling	96,913	96,913	92,805	4,108
Community service	13,628	13,628	11,563	2,065
Cemetery	200	200	151	49
Education	1,310,128	1,310,128	1,310,109	19
County tax	92,736	92,736	92,736	-
Other	22,107	22,107	155	21,952
Transfers to other funds	12,400	32,755	38,368	(5,613)
Total Charges to Appropriations	<u>2,431,981</u>	<u>2,454,481</u>	<u>2,406,554</u>	<u>47,927</u>
Budgetary Fund Balance, June 30	<u>\$ 655,787</u>	<u>\$ 655,787</u>	<u>\$ 819,647</u>	<u>\$ 163,860</u>
Utilization of unassigned fund balance	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ (60,000)</u>

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government 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, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government					
Administration	\$ 172,916	\$ -	\$ 172,916	\$ 161,748	\$ 11,168
Mowing	6,381	-	6,381	1,570	4,811
Town office	2,750	-	2,750	2,126	624
Town Hall	8,695	-	8,695	7,507	1,188
Salt shed	2,000	-	2,000	2,195	(195)
Garage	500	-	500	-	500
Subtotal General Government	<u>193,242</u>	<u>-</u>	<u>193,242</u>	<u>175,146</u>	<u>18,096</u>
Public Safety					
Public safety	85,227	-	85,227	80,085	5,142
Animal control	4,800	-	4,800	2,691	2,109
Subtotal Public Safety	<u>90,027</u>	<u>-</u>	<u>90,027</u>	<u>82,776</u>	<u>7,251</u>
Roads, Bridges and Highway Equipment					
Summer roads	316,000	73,274	389,274	389,274	-
Winter roads	284,600	(71,129)	213,471	213,471	-
Subtotal Roads, Bridges and Highway Equipment	<u>600,600</u>	<u>2,145</u>	<u>602,745</u>	<u>602,745</u>	<u>-</u>

TOWN OF HARTFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Solid Waste and Recycling					
Sanitation	96,913	-	96,913	92,805	4,108
Subtotal Solid Waste and Recycling	<u>96,913</u>	<u>-</u>	<u>96,913</u>	<u>92,805</u>	<u>4,108</u>
Community Service					
Social services	10,628	-	10,628	10,628	-
General assistance	3,000	-	3,000	935	2,065
Subtotal Community Service	<u>13,628</u>	<u>-</u>	<u>13,628</u>	<u>11,563</u>	<u>2,065</u>
Cemetery					
Cemeteries	200	-	200	151	49
Subtotal Cemetery	<u>200</u>	<u>-</u>	<u>200</u>	<u>151</u>	<u>49</u>
Education	<u>1,310,128</u>	<u>-</u>	<u>1,310,128</u>	<u>1,310,109</u>	<u>19</u>
County Tax	<u>92,736</u>	<u>-</u>	<u>92,736</u>	<u>92,736</u>	<u>-</u>

TOWN OF HARTFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Other					
Contingency	3,000	-	3,000	-	3,000
School building- Church St.	685	-	685	155	530
Overlay	18,422	-	18,422	-	18,422
Subtotal Other	<u>22,107</u>	<u>-</u>	<u>22,107</u>	<u>155</u>	<u>21,952</u>
Transfers to Other Funds					
Special revenue funds	12,400	-	12,400	18,013	(5,613)
Capital projects funds	-	20,355	20,355	20,355	-
Subtotal Transfers to Other Funds	<u>12,400</u>	<u>20,355</u>	<u>32,755</u>	<u>38,368</u>	<u>(5,613)</u>
TOTAL DEPARTMENTAL OPERATIONS	<u><u>\$ 2,431,981</u></u>	<u><u>\$ 22,500</u></u>	<u><u>\$ 2,454,481</u></u>	<u><u>\$ 2,406,554</u></u>	<u><u>\$ 47,927</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 665	\$ 8,180	\$ 8,845
Investments	-	31,406	37,136	68,542
Due from other funds	18,086	80,602	-	98,688
TOTAL ASSETS	\$ 18,086	\$ 112,673	\$ 45,316	\$ 176,075
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ 12	\$ 12
TOTAL LIABILITIES	-	-	12	12
FUND BALANCES				
Nonspendable - principal	-	-	22,837	22,837
Restricted	13,570	-	22,467	36,037
Committed	4,516	-	-	4,516
Assigned	-	112,673	-	112,673
Unassigned	-	-	-	-
TOTAL FUND BALANCES	18,086	112,673	45,304	176,063
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,086	\$ 112,673	\$ 45,316	\$ 176,075

See accompanying independent auditors' 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, 2018

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Other	1	47,140	-	47,141
TOTAL EXPENDITURES	<u>1</u>	<u>47,140</u>	<u>-</u>	<u>47,141</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1)</u>	<u>(47,140)</u>	<u>-</u>	<u>(47,141)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	38,368	-	38,368
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>38,368</u>	<u>-</u>	<u>38,368</u>
NET CHANGE IN FUND BALANCES	(1)	(8,772)	-	(8,773)
FUND BALANCES - JULY 1	<u>18,087</u>	<u>121,445</u>	<u>45,304</u>	<u>184,836</u>
FUND BALANCES - JUNE 30	<u>\$ 18,086</u>	<u>\$ 112,673</u>	<u>\$ 45,304</u>	<u>\$ 176,063</u>

See accompanying independent auditors' 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, 2018

	<u>FEMA Grant</u>	<u>Goodwill Supper</u>	<u>Total</u>
ASSETS			
Due from other funds	\$ 13,570	\$ 4,516	\$ 18,086
TOTAL ASSETS	<u>\$ 13,570</u>	<u>\$ 4,516</u>	<u>\$ 18,086</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	13,570	-	13,570
Committed	-	4,516	4,516
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>13,570</u>	<u>4,516</u>	<u>18,086</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,570</u>	<u>\$ 4,516</u>	<u>\$ 18,086</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>FEMA Grant</u>	<u>Goodwill Supper</u>	<u>Total</u>
REVENUES			
Other	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Other	<u>-</u>	<u>1</u>	<u>1</u>
TOTAL EXPENDITURES	<u>-</u>	<u>1</u>	<u>1</u>
NET CHANGE IN FUND BALANCES	-	(1)	(1)
FUND BALANCES - JULY 1	<u>13,570</u>	<u>4,517</u>	<u>18,087</u>
FUND BALANCES - JUNE 30	<u>\$ 13,570</u>	<u>\$ 4,516</u>	<u>\$ 18,086</u>

See accompanying independent auditors' 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, 2018

	<u>Sand/Salt Reserve</u>	<u>Equipment Reserve</u>	<u>Capital Reserve</u>	<u>Animal Control</u>	<u>Legal Fees</u>
ASSETS					
Cash and cash equivalents	\$ 665	\$ -	\$ -	\$ -	\$ -
Investments	-	17,612	13,794	-	-
Due from other funds	-	6,000	-	8,150	32,070
TOTAL ASSETS	<u>\$ 665</u>	<u>\$ 23,612</u>	<u>\$ 13,794</u>	<u>\$ 8,150</u>	<u>\$ 32,070</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	665	23,612	13,794	8,150	32,070
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>665</u>	<u>23,612</u>	<u>13,794</u>	<u>8,150</u>	<u>32,070</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 665</u>	<u>\$ 23,612</u>	<u>\$ 13,794</u>	<u>\$ 8,150</u>	<u>\$ 32,070</u>

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018

	Veteran's Memorial	Revaluation Reserve	Cemetery Reserve	Summer Reserve	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 665
Investments	-	-	-	-	31,406
Due from other funds	286	9,800	3,941	20,355	80,602
TOTAL ASSETS	<u>\$ 286</u>	<u>\$ 9,800</u>	<u>\$ 3,941</u>	<u>\$ 20,355</u>	<u>\$ 112,673</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	-	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	286	9,800	3,941	20,355	112,673
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>286</u>	<u>9,800</u>	<u>3,941</u>	<u>20,355</u>	<u>112,673</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 286</u>	<u>\$ 9,800</u>	<u>\$ 3,941</u>	<u>\$ 20,355</u>	<u>\$ 112,673</u>

See accompanying independent auditors' 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, 2018

	Sand/Salt Reserve	Equipment Reserve	Capital Reserve	Animal Control	Legal Fees
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,000	-	-	5,613
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>5,613</u>
NET CHANGE IN FUND BALANCES	-	3,000	-	-	5,613
FUND BALANCES - JULY 1	<u>665</u>	<u>20,612</u>	<u>13,794</u>	<u>8,150</u>	<u>26,457</u>
FUND BALANCES - JUNE 30	<u>\$ 665</u>	<u>\$ 23,612</u>	<u>\$ 13,794</u>	<u>\$ 8,150</u>	<u>\$ 32,070</u>

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Veteran's Memorial	Revaluation Reserve	Cemetery Reserve	Summer Reserve	Total
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Other	-	47,140	-	-	47,140
TOTAL EXPENDITURES	<u>-</u>	<u>47,140</u>	<u>-</u>	<u>-</u>	<u>47,140</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(47,140)</u>	<u>-</u>	<u>-</u>	<u>(47,140)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	9,400	-	20,355	38,368
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>9,400</u>	<u>-</u>	<u>20,355</u>	<u>38,368</u>
NET CHANGE IN FUND BALANCES	-	(37,740)	-	20,355	(8,772)
FUND BALANCES - JULY 1	<u>286</u>	<u>47,540</u>	<u>3,941</u>	<u>-</u>	<u>121,445</u>
FUND BALANCES - JUNE 30	<u>\$ 286</u>	<u>\$ 9,800</u>	<u>\$ 3,941</u>	<u>\$ 20,355</u>	<u>\$ 112,673</u>

See accompanying independent auditors' 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, 2018

	Laura Fogg Irish Trust	Evelyn Hutchinson Trust Fund	Cemetery Trust Fund	Total
ASSETS				
Cash and cash equivalents	\$ 3,114	\$ 877	\$ 4,189	\$ 8,180
Investments	26,836	2,000	8,300	37,136
TOTAL ASSETS	<u>\$ 29,950</u>	<u>\$ 2,877</u>	<u>\$ 12,489</u>	<u>\$ 45,316</u>
LIABILITIES				
Due to other funds	\$ 4	\$ -	\$ 8	\$ 12
TOTAL LIABILITIES	<u>4</u>	<u>-</u>	<u>8</u>	<u>12</u>
FUND BALANCES				
Nonspendable-principal	12,537	2,000	8,300	22,837
Restricted	17,409	877	4,181	22,467
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>29,946</u>	<u>2,877</u>	<u>12,481</u>	<u>45,304</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,950</u>	<u>\$ 2,877</u>	<u>\$ 12,489</u>	<u>\$ 45,316</u>

See accompanying independent auditors' 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, 2018

	Laura Fogg Irish Trust	Evelyn Hutchinson Trust Fund	Cemetery Trust Fund	Total
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Other	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - JULY 1	<u>29,946</u>	<u>2,877</u>	<u>12,481</u>	<u>45,304</u>
FUND BALANCES - JUNE 30	<u>\$ 29,946</u>	<u>\$ 2,877</u>	<u>\$ 12,481</u>	<u>\$ 45,304</u>

See accompanying independent auditors' 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, 2018

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 82,010	\$ 160,040	\$ 32,282	\$ -	\$ 274,332
Roads, Bridges and Highway					
Equipment	17,000	232,193	29,800	404,250	683,243
Solid Waste	30,900	-	-	-	30,900
	<u>129,910</u>	<u>392,233</u>	<u>62,082</u>	<u>404,250</u>	<u>988,475</u>
Total General Capital Assets	129,910	392,233	62,082	404,250	988,475
Less: Accumulated Depreciation	<u>-</u>	<u>(201,055)</u>	<u>(58,770)</u>	<u>(53,900)</u>	<u>(313,725)</u>
Net General Capital Assets	<u>\$ 129,910</u>	<u>\$ 191,178</u>	<u>\$ 3,312</u>	<u>\$ 350,350</u>	<u>\$ 674,750</u>

See accompanying independent auditors' 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, 2018

	General Capital Assets 7/1/17	Additions	Deletions	General Capital Assets 6/30/18
General Government	\$ 274,332	\$ -	\$ -	\$ 274,332
Roads, Bridges and Highway				
Equipment	683,243	-	-	683,243
Solid Waste	30,900	-	-	30,900
Total General Capital Assets	988,475	-	-	988,475
Less: Accumulated Depreciation	(276,530)	(37,195)	-	(313,725)
Net General Capital Assets	<u>\$ 711,945</u>	<u>\$ (37,195)</u>	<u>\$ -</u>	<u>\$ 674,750</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' 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

Board of Selectmen
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, 2018, 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 June 5, 2019.

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*.

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
June 5, 2019