

Audited Financial Statements and  
Other Financial Information

**Town of Hartford, Maine**

June 30, 2019



*Proven Expertise & Integrity*

TOWN OF HARTFORD, MAINE

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JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
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, 2019 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, 2019 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, budgetary comparison information and OPEB information on pages 4 through 10 and 43 through 47 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 March 31, 2021, 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  
March 31, 2021

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**(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, 2019. 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 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, a Schedule of Changes in Net OPEB Liability - MMEHT, a Schedule of Changes in Net OPEB Liability and Related Ratios - MMEHT, a 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 \$62,649 from \$1,828,391 to \$1,891,040.

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 \$100,389 from a balance of \$1,094,767 to \$1,195,156 at the end of this year.

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

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Current Assets	\$ 1,358,397	\$ 1,175,884
Noncurrent Assets - Capital Assets	<u>637,558</u>	<u>674,750</u>
Total Assets	<u>1,995,955</u>	<u>1,850,634</u>
<b>Liabilities:</b>		
Current Liabilities	100,525	16,598
Noncurrent Liabilities	<u>883</u>	<u>-</u>
Total Liabilities	<u>101,408</u>	<u>16,598</u>
<b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	3,433	5,645
Deferred Inflows of Related to Pensions	<u>74</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>3,507</u>	<u>5,645</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	636,675	674,750
Restricted	59,209	58,874
Unrestricted	<u>1,195,156</u>	<u>1,094,767</u>
Total Net Position	<u>\$ 1,891,040</u>	<u>\$ 1,828,391</u>

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 8.29%. Total expenses increased by 5.50%. The increase in revenues was primarily due to property taxes. The largest increases in expenses were in general government and education.

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

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 14,408	\$ 13,590
Operating grants and contributions	36,116	36,432
<i>General Revenues:</i>		
Property taxes	2,193,895	2,008,389
Excise taxes	233,393	202,489
Grants and contributions not restricted to specific programs	153,940	139,922
Miscellaneous	18,228	46,210
Total Revenues	<u>2,649,980</u>	<u>2,447,032</u>
<b>Expenses</b>		
General government	221,701	179,703
Public safety	80,795	82,776
Roads, bridges and highway equipment	652,540	635,383
Solid waste and recycling	98,647	92,805
Community service	10,888	11,563
Cemetery	-	151
Education	1,399,897	1,310,109
County tax	114,595	92,736
Other	8,268	47,296
Total Expenses	<u>2,587,331</u>	<u>2,452,522</u>
Change in Net Position	62,649	(5,490)
Net Position - July 1	<u>1,828,391</u>	<u>1,833,881</u>
Net Position - June 30	<u>\$ 1,891,040</u>	<u>\$ 1,828,391</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 - Governmental Funds**  
**June 30,**

	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Unassigned	\$ 884,712	\$ 819,647	\$ 65,065
Total General Fund	<u>\$ 884,712</u>	<u>\$ 819,647</u>	<u>\$ 65,065</u>
Nonmajor Funds:			
Special Revenue Funds:			
Restricted	\$ 13,660	\$ 13,570	\$ 90
Committed	2,088	4,516	(2,428)
Capital Projects Funds:			
Assigned	150,465	112,673	37,792
Permanent Funds:			
Nonspendable - principal	22,837	22,837	-
Restricted	22,712	22,467	245
Total Nonmajor Funds	<u>\$ 211,762</u>	<u>\$ 176,063</u>	<u>\$ 35,699</u>

The changes in total fund balances for the general 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 the budget by \$44,898. This was the result of all revenue categories being receipted in excess of budgeted amounts with the exception of property taxes, intergovernmental - homestead exemption and miscellaneous revenues.

The general fund actual expenditures were under budget by \$20,167. All expenditure categories were within or under budget with the exception of general government.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Town decreased by \$37,192 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>2019</u>	<u>2018</u>
Land	\$ 129,910	\$ 129,910
Buildings, building improvements and land improvements	181,528	191,178
Machinery, equipment and vehicles	2,720	3,312
Infrastructure	323,400	350,350
Total	<u>\$ 637,558</u>	<u>\$ 674,750</u>

### Debt

At June 30, 2019, 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, 2019

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,083,895
Investments	68,704
Accounts receivable (net of allowance for uncollectibles):	
Taxes	146,725
Liens	59,073
Total current assets	<u>1,358,397</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	129,910
Buildings, equipment and infrastructure, net of accumulated depreciation	507,648
Total noncurrent assets	<u>637,558</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,995,955</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 100,525
Total current liabilities	<u>100,525</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Net OPEB liability	883
Total noncurrent liabilities	<u>883</u>
<b>TOTAL LIABILITIES</b>	<u>101,408</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	3,433
Deferred inflows related to pensions	74
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,507</u>
<b>NET POSITION</b>	
Net investment in capital assets	636,675
Restricted:	
Permanent funds - nonspendable	22,837
Special revenue funds	13,660
Permanent funds	22,712
Unrestricted	1,195,156
<b>TOTAL NET POSITION</b>	<u>1,891,040</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,995,955</u>

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

## STATEMENT B

## TOWN OF HARTFORD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 221,701	\$ 13,761	\$ -	\$ -	\$ (207,940)
Public safety	80,795	647	-	-	(80,148)
Roads, bridges and highway equipment	652,540	-	36,116	-	(616,424)
Solid waste and recycling	98,647	-	-	-	(98,647)
Community service	10,888	-	-	-	(10,888)
Education	1,399,897	-	-	-	(1,399,897)
County tax	114,595	-	-	-	(114,595)
Other	8,268	-	-	-	(8,268)
Total government	<u>\$ 2,587,331</u>	<u>\$ 14,408</u>	<u>\$ 36,116</u>	<u>\$ -</u>	<u>(2,536,807)</u>



STATEMENT B (CONTINUED)

TOWN OF HARTFORD, MAINE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
Changes in net position:	
Net (expense) revenue	(2,536,807)
General revenues:	
Taxes:	
Property taxes	2,193,895
Excise taxes	233,393
Grants and contributions not restricted to specific programs	153,940
Miscellaneous	18,228
Total general revenues	2,599,456
Change in net position	62,649
NET POSITION - JULY 1	1,828,391
NET POSITION - JUNE 30	\$ 1,891,040

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

## TOWN OF HARTFORD, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,074,815	\$ 9,080	\$ 1,083,895
Investments	-	68,704	68,704
Accounts receivables (net of allowance for uncollectibles):			
Taxes	146,725	-	146,725
Liens	59,073	-	59,073
Due from other funds	-	133,978	133,978
<b>TOTAL ASSETS</b>	<u>\$ 1,280,613</u>	<u>\$ 211,762</u>	<u>\$ 1,492,375</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 100,525	\$ -	\$ 100,525
Due to other funds	133,978	-	133,978
<b>TOTAL LIABILITIES</b>	<u>234,503</u>	<u>-</u>	<u>234,503</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	3,433	-	3,433
Deferred tax revenues	157,965	-	157,965
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>161,398</u>	<u>-</u>	<u>161,398</u>
<b>FUND BALANCES</b>			
Nonspendable	-	22,837	22,837
Restricted	-	36,372	36,372
Committed	-	2,088	2,088
Assigned	-	150,465	150,465
Unassigned	884,712	-	884,712
<b>TOTAL FUND BALANCES</b>	<u>884,712</u>	<u>211,762</u>	<u>1,096,474</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,280,613</u>	<u>\$ 211,762</u>	<u>\$ 1,492,375</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, 2019

Total Fund Balances	\$ 1,096,474
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	637,558
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	157,965
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net OPEB liability	(883)
Deferred inflows of resources related to pension are not financial resources and therefore are not reported in the funds	<u>(74)</u>
Net position of governmental activities	<u>\$ 1,891,040</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, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property taxes	\$ 2,193,861	\$ -	\$ 2,193,861
Excise taxes	233,393	-	233,393
Intergovernmental revenues	190,056	-	190,056
Charges for services	14,408	-	14,408
Miscellaneous revenues	17,680	548	18,228
TOTAL REVENUES	<u>2,649,398</u>	<u>548</u>	<u>2,649,946</u>
EXPENDITURES			
Current:			
General government	216,187	-	216,187
Public safety	80,795	-	80,795
Roads, bridges and highway equipment	619,905	-	619,905
Solid waste and recycling	98,647	-	98,647
Community service	10,888	-	10,888
Education	1,399,897	-	1,399,897
County tax	114,595	-	114,595
Other	5,791	2,477	8,268
TOTAL EXPENDITURES	<u>2,546,705</u>	<u>2,477</u>	<u>2,549,182</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>102,693</u>	<u>(1,929)</u>	<u>100,764</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	37,628	37,628
Transfers (out)	(37,628)	-	(37,628)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(37,628)</u>	<u>37,628</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	65,065	35,699	100,764
FUND BALANCES - JULY 1	<u>819,647</u>	<u>176,063</u>	<u>995,710</u>
FUND BALANCES - JUNE 30	<u>\$ 884,712</u>	<u>\$ 211,762</u>	<u>\$ 1,096,474</u>

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, 2019

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 100,764</u>
<p>Amounts reported for governmental activities in the Statement of          Activities (Statement B) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while          governmental activities report depreciation expense allocated          to those expenditures over the life of the assets:</p>	
Depreciation expense	<u>(37,192)</u>
<p>Revenues in the Statement of Activities that do not provide current          financial resources are not reported as revenues in the funds:</p>	
Taxes and liens receivable	<u>34</u>
<p>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:</p>	
OPEB	<u>(74)</u>
<p>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:</p>	
Net OPEB liability	<u>(883)</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 62,649</u></u>

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

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations". This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements". This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. 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 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

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

**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.



TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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, 2019. Accounts receivable netted with allowances for uncollectible accounts were \$0 for the year ended June 30, 2019.

**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 acquisition value as of the date received. 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 valued at their estimated acquisition value on the date received. All retirements have been recorded by eliminating the net carrying values.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
Machinery and 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 net OPEB liability.

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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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. 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 9, 2018 on the assessed value listed as of April 1, 2018, for all real and personal property located in the Town. Taxes were due on December 1, 2018 and May 1, 2019. Interest on unpaid taxes commenced on December 2, 2018 and May 2, 2019 at 7% per annum.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$28,335 for the year ended June 30, 2019.

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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

**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, 2019, the Town's deposits amounting to \$1,083,895 were comprised of bank deposits of \$1,114,066. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash balance. 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	\$ 9,079
Sweep accounts	1,104,987
	<u>\$ 1,114,066</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 \$68,704 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, 2019, the Town's investments of \$68,704 of certificates of deposit were all insured by federal depository insurance and consequently were not exposed to custodial credit risk.



TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General Fund	\$ -	\$ 133,978
Nonmajor Special Revenue Funds	15,748	-
Nonmajor Capital Projects Funds	118,230	-
	<u>\$ 133,978</u>	<u>\$ 133,978</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 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2019 consisted of the following:

	<u>Transfers From</u>	<u>Tranfers To</u>
General Fund	\$ 37,628	\$ -
Nonmajor Capital Projects Funds	-	37,628
	<u>\$ 37,628</u>	<u>\$ 37,628</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18	Additions	Disposals	Balance, 6/30/19
<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
	<u>858,565</u>	<u>-</u>	<u>-</u>	<u>858,565</u>
Less: accumulated depreciation	<u>(313,725)</u>	<u>(37,192)</u>	<u>-</u>	<u>(350,917)</u>
	<u>544,840</u>	<u>(37,192)</u>	<u>-</u>	<u>507,648</u>
Net capital assets	<u>\$ 674,750</u>	<u>\$ (37,192)</u>	<u>\$ -</u>	<u>\$ 637,558</u>
<u>Current year depreciation</u>				
General government				\$ 4,557
Roads, bridges and highway equipment				<u>32,635</u>
Total depreciation expense				<u>\$ 37,192</u>

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2019 is as follows:

	Balance, 7/1/18	Additions	Deletions	Balance, 6/30/19	Due Within One Year
Net OPEB Liability	<u>\$ -</u>	<u>\$ 975</u>	<u>\$ (92)</u>	<u>\$ 883</u>	<u>\$ -</u>

Please see Note 13 for detailed information on net OPEB liability.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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, 2019, Oxford County did not have any debt. The Town's share of school debt was approximately as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 10	\$ 611,806	9.155%	\$ 56,011

NOTE 8 - NONSPENDABLE FUND BALANCES

The Town had the following nonspendable fund balances at June 30, 2019:

Nonmajor Permanent Funds (Schedule H)	<u>\$ 22,837</u>
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NOTE 9 - RESTRICTED NET POSITION

The Town had the following restricted net position at June 30, 2019:

Nonmajor Permanent Funds:	
Nonspendable - Principal:	
Laura Fogg Irish Trust	\$ 12,537
Evelyn Hutchinson Trust	2,000
Cemetery Trust	8,300
Nonspendable - Principal:	
Nonmajor Special Revenue Funds:	
FEMA Grant	13,570
Donations	90
Nonmajor Permanent Funds:	
Laura Fogg Irish Trust	17,584
Evelyn Hutchinson Trust	895
Cemetery Trust	4,233
	<u>\$ 59,209</u>

NOTE 10 - RESTRICTED FUND BALANCES

The Town had the following restricted fund balances at June 30, 2019:

Nonmajor Special Revenue Funds (Schedule D)	\$ 13,660
Nonmajor Permanent Funds (Schedule H)	22,712
	<u>\$ 36,372</u>

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 11 - COMMITTED FUND BALANCES

The Town had the following committed fund balances at June 30, 2019:

Nonmajor Special Revenue Funds (Schedule D)	<u>\$ 2,088</u>
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NOTE 12 - ASSIGNED FUND BALANCES

The Town had the following assigned fund balances at June 30, 2019:

Capital Projects Funds (Schedule F)	<u>\$ 150,465</u>
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NOTE 13 - 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 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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

**Employees Covered by Benefit Terms**

At January 1, 2019, the following employees were covered by the benefit terms:

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

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C	\$1,044.20	\$2,342.30
<u>Medicare</u>		
Medicare-Eligible Retirees	\$527.65	\$1,035.29

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

At June 30, 2019, the Town reported a liability of \$883 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2019 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, 2019, the Town recognized OPEB expense of \$957. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	74
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	-	-
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ 74</u></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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>	
Plan year ended December 31:		
2020	\$	(18)
2021		(18)
2022		(18)
2023		(20)
2024		-
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, 2018. 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 4.10% per annum for June 30, 2019 was based upon a measurement date of December 27, 2018. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB liability	\$ 1,028	\$ 883	\$ 763
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 739	\$ 883	\$ 1,060
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018, 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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2017. 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.

*Assumptions*

The actuarial assumptions used in the January 1, 2018 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

Discount Rate - 4.10% per annum.

Trend Assumptions:

Pre-Medicare Medical - Initial trend of 8.20% applied in 2018 grading over 14 years to 4.00% per annum.

Pre-Medicare Drug - Initial trend of 9.60% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Medical - Initial trend of 4.93% applied in 2018 grading over 14 years to 4.00% per annum.

Medicare Drug - Initial trend of 9.60% applied in 2017 grading over 14 years to 4.00% per annum.

Administrative and claims expense - 3% per annum.



TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2018, they are as follows:

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, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

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 - Based on 104% and 120% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC \_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

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, 2019 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, 2019 was \$0.

*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 assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. 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 amortization period was six years for 2018. For the fiscal year ended June 30, 2018, there were no changes in assumptions with the exception of the claim costs and retiree contributions being updated to reflect current healthcare costs.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 13 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

*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 14 - 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, 2019.

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.

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 14 - RISK MANAGEMENT (CONTINUED)

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, 2019. 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 15 - 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 16 - 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, with a renewal option of two years. 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 beginning July 1, 2017 and ending June 30, 2020. The annual contract costs for these services are as follows:

TOWN OF HARTFORD, MAINE

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 16 - COMMITMENTS (CONTINUED)

Year Ending June 30,	Plowing and Sanding	Trash and Recycling	Mowing
2020	\$ 167,965	\$ 40,619	\$ 4,000
2021	167,965	40,619	-

For the twelve months ended June 30, 2019, The Town paid \$241,987 for plowing and sanding services, \$95,624 for trash, tipping fees and recycling services and \$4,000 for mowing services. All future contract amounts are subject to annual appropriation by the Town of Hartford.

NOTE 17 - 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, 2019, payments made to the company were \$241,987.

NOTE 18 - 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 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, 2019

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 819,647	\$ 819,647	\$ 819,647	\$ -
Resources (Inflows):				
Taxes:				
Property taxes	2,193,895	2,193,895	2,193,861	(34)
Excise taxes	200,300	200,300	233,393	33,093
Intergovernmental revenues:				
State revenue sharing	60,000	60,000	65,628	5,628
Homestead exemption	83,103	83,103	67,230	(15,873)
Local road assistance	33,757	33,757	36,116	2,359
Tree growth reimbursement	8,000	8,000	19,483	11,483
Other	1,300	1,300	1,599	299
Charges for services	13,395	13,395	14,408	1,013
Interest income	1,250	1,250	2,856	1,606
Tax interest/lien costs	8,500	8,500	19,431	10,931
Miscellaneous revenues	1,000	1,000	(4,607)	(5,607)
Amounts Available for Appropriation	<u>3,424,147</u>	<u>3,424,147</u>	<u>3,469,045</u>	<u>44,898</u>
Charges to Appropriations (Outflows):				
General government	213,736	213,736	216,187	(2,451)
Public safety	85,741	83,704	80,795	2,909
Roads, bridges and highway equipment	630,163	619,955	619,905	50
Solid waste and recycling	97,544	98,647	98,647	-
Community service	11,838	11,838	10,888	950
Cemetery	200	200	-	200
Education	1,399,898	1,399,898	1,399,897	1
County tax	114,595	114,595	114,595	-
Other	36,285	24,299	5,791	18,508
Transfers to other funds	14,500	37,628	37,628	-
Total Charges to Appropriations	<u>2,604,500</u>	<u>2,604,500</u>	<u>2,584,333</u>	<u>20,167</u>
Budgetary Fund Balance, June 30	<u>\$ 819,647</u>	<u>\$ 819,647</u>	<u>\$ 884,712</u>	<u>\$ 65,065</u>

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

## TOWN OF HARTFORD, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MMEHT  
FOR THE YEAR ENDED JUNE 30, 2019

	Increase (Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/18 (Reporting December 31, 2018)	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	943	-	943
Interest	32	-	32
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(92)	-	(92)
Contributions - employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net changes	<u>883</u>	<u>-</u>	<u>883</u>
Balances at 1/1/19 (Reporting December 31, 2019)	<u>\$ 883</u>	<u>\$ -</u>	<u>\$ 883</u>

See accompanying independent auditors' 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\*

	2019
<u>Total OPEB liability</u>	
Service cost (BOY)	943
Interest (includes interest on service cost)	32
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(92)
Benefit payments, including refunds of member contributions	-
Net change in total OPEB liability	\$ 883
Total OPEB liability - beginning	\$ -
Total OPEB liability - ending	\$ 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	\$ 883
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered payroll	\$ 27,300
Net OPEB liability as a percentage of covered payroll	3.2%

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

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

TOWN OF HARTFORD, MAINE

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

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

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

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

TOWN OF HARTFORD, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019

**Changes of Assumptions**

There was a change in the discount rate from 3.44% to 4.10% per GASB 75 discount rate selection.

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 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, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General Government					
Administration	\$ 192,691	\$ -	\$ 192,691	\$ 203,842	\$ (11,151)
Mowing	6,000	-	6,000	4,100	1,900
Town office	5,490	-	5,490	4,833	657
Town Hall	7,110	-	7,110	2,672	4,438
Salt shed	2,195	-	2,195	740	1,455
Garage	250	-	250	-	250
Subtotal General Government	<u>213,736</u>	<u>-</u>	<u>213,736</u>	<u>216,187</u>	<u>(2,451)</u>
Public Safety					
Public safety	81,098	-	81,098	78,189	2,909
Animal control	4,643	(2,037)	2,606	2,606	-
Subtotal Public Safety	<u>85,741</u>	<u>(2,037)</u>	<u>83,704</u>	<u>80,795</u>	<u>2,909</u>
Roads, Bridges and Highway Equipment					
Summer roads	349,323	(21,091)	328,232	328,232	-
Winter roads	280,840	10,883	291,723	291,673	50
Subtotal Roads, Bridges and Highway Equipment	<u>630,163</u>	<u>(10,208)</u>	<u>619,955</u>	<u>619,905</u>	<u>50</u>

TOWN OF HARTFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Solid Waste and Recycling					
Sanitation	97,544	1,103	98,647	98,647	-
Subtotal Solid Waste and Recycling	<u>97,544</u>	<u>1,103</u>	<u>98,647</u>	<u>98,647</u>	<u>-</u>
Community Service					
Social services	11,838	-	11,838	10,888	950
Subtotal Community Service	<u>11,838</u>	<u>-</u>	<u>11,838</u>	<u>10,888</u>	<u>950</u>
Cemetery					
Cemeteries	200	-	200	-	200
Subtotal Cemetery	<u>200</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>200</u>
Education	<u>1,399,898</u>	<u>-</u>	<u>1,399,898</u>	<u>1,399,897</u>	<u>1</u>
County Tax	<u>114,595</u>	<u>-</u>	<u>114,595</u>	<u>114,595</u>	<u>-</u>

TOWN OF HARTFORD, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
Other					
School building- Church St.	7,950	-	7,950	3,384	4,566
Overlay	28,335	(11,986)	16,349	2,407	13,942
Subtotal Other	<u>36,285</u>	<u>(11,986)</u>	<u>24,299</u>	<u>5,791</u>	<u>18,508</u>
Transfers to Other Funds					
Capital projects funds	14,500	23,128	37,628	37,628	-
Subtotal Transfers to Other Funds	<u>14,500</u>	<u>23,128</u>	<u>37,628</u>	<u>37,628</u>	<u>-</u>
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<u><u>\$ 2,604,500</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,604,500</u></u>	<u><u>\$ 2,584,333</u></u>	<u><u>\$ 20,167</u></u>

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

## TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 667	\$ 8,413	\$ 9,080
Investments	-	31,568	37,136	68,704
Due from other funds	15,748	118,230	-	133,978
<b>TOTAL ASSETS</b>	<u>\$ 15,748</u>	<u>\$ 150,465</u>	<u>\$ 45,549</u>	<u>\$ 211,762</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	22,837	22,837
Restricted	13,660	-	22,712	36,372
Committed	2,088	-	-	2,088
Assigned	-	150,465	-	150,465
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>15,748</u>	<u>150,465</u>	<u>45,549</u>	<u>211,762</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 15,748</u>	<u>\$ 150,465</u>	<u>\$ 45,549</u>	<u>\$ 211,762</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 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Investment income, net of unrealized gains/(losses)	\$ -	\$ 164	\$ 245	\$ 409
Other	139	-	-	139
TOTAL REVENUES	<u>139</u>	<u>164</u>	<u>245</u>	<u>548</u>
EXPENDITURES				
Other	<u>2,477</u>	-	-	<u>2,477</u>
TOTAL EXPENDITURES	<u>2,477</u>	<u>-</u>	<u>-</u>	<u>2,477</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,338)</u>	<u>164</u>	<u>245</u>	<u>(1,929)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	37,628	-	37,628
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>37,628</u>	<u>-</u>	<u>37,628</u>
NET CHANGE IN FUND BALANCES	(2,338)	37,792	245	35,699
FUND BALANCES - JULY 1	<u>18,086</u>	<u>112,673</u>	<u>45,304</u>	<u>176,063</u>
FUND BALANCES - JUNE 30	<u>\$ 15,748</u>	<u>\$ 150,465</u>	<u>\$ 45,549</u>	<u>\$ 211,762</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, 2019

	FEMA Grant	Goodwill Supper	Donations	Total
<b>ASSETS</b>				
Due from other funds	\$ 13,570	\$ 2,088	\$ 90	\$ 15,748
<b>TOTAL ASSETS</b>	<b>\$ 13,570</b>	<b>\$ 2,088</b>	<b>\$ 90</b>	<b>\$ 15,748</b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	13,570	-	90	13,660
Committed	-	2,088	-	2,088
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>13,570</b>	<b>2,088</b>	<b>90</b>	<b>15,748</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,570</b>	<b>\$ 2,088</b>	<b>\$ 90</b>	<b>\$ 15,748</b>

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, 2019

	FEMA Grant	Goodwill Supper	Donations	Total
REVENUES				
Other	\$ -	\$ 49	\$ 90	\$ 139
TOTAL REVENUES	<u>-</u>	<u>49</u>	<u>90</u>	<u>139</u>
EXPENDITURES				
Other	-	2,477	-	2,477
TOTAL EXPENDITURES	<u>-</u>	<u>2,477</u>	<u>-</u>	<u>2,477</u>
NET CHANGE IN FUND BALANCES	-	(2,428)	90	(2,338)
FUND BALANCES - JULY 1	<u>13,570</u>	<u>4,516</u>	<u>-</u>	<u>18,086</u>
FUND BALANCES - JUNE 30	<u>\$ 13,570</u>	<u>\$ 2,088</u>	<u>\$ 90</u>	<u>\$ 15,748</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, 2019

	Sand/Salt Reserve	Equipment Reserve	Capital Reserve	Animal Control	Legal Fees
<b>ASSETS</b>					
Cash and cash equivalents	\$ 667	\$ -	\$ -	\$ -	\$ -
Investments	-	17,703	13,865	-	-
Due from other funds	-	9,000	-	10,187	37,070
<b>TOTAL ASSETS</b>	<u>\$ 667</u>	<u>\$ 26,703</u>	<u>\$ 13,865</u>	<u>\$ 10,187</u>	<u>\$ 37,070</u>
<b>LIABILITIES</b>					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	667	26,703	13,865	10,187	37,070
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>667</u>	<u>26,703</u>	<u>13,865</u>	<u>10,187</u>	<u>37,070</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 667</u>	<u>\$ 26,703</u>	<u>\$ 13,865</u>	<u>\$ 10,187</u>	<u>\$ 37,070</u>

TOWN OF HARTFORD, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2019

	GA Reserve	Veteran's Memorial	Revaluation Reserve	Cemetery Reserve	Summer Reserve	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 667
Investments	-	-	-	-	-	31,568
Due from other funds	1,500	286	14,800	3,941	41,446	118,230
<b>TOTAL ASSETS</b>	<u>\$ 1,500</u>	<u>\$ 286</u>	<u>\$ 14,800</u>	<u>\$ 3,941</u>	<u>\$ 41,446</u>	<u>\$ 150,465</u>
<b>LIABILITIES</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	1,500	286	14,800	3,941	41,446	150,465
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>1,500</u>	<u>286</u>	<u>14,800</u>	<u>3,941</u>	<u>41,446</u>	<u>150,465</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,500</u>	<u>\$ 286</u>	<u>\$ 14,800</u>	<u>\$ 3,941</u>	<u>\$ 41,446</u>	<u>\$ 150,465</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, 2019

	Sand/Salt Reserve	Equipment Reserve	Capital Reserve	Animal Control	Legal Fees
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 2	\$ 91	\$ 71	\$ -	\$ -
TOTAL REVENUES	<u>2</u>	<u>91</u>	<u>71</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>2</u>	<u>91</u>	<u>71</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,000	-	2,037	5,000
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>2,037</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	2	3,091	71	2,037	5,000
FUND BALANCES - JULY 1	<u>665</u>	<u>23,612</u>	<u>13,794</u>	<u>8,150</u>	<u>32,070</u>
FUND BALANCES - JUNE 30	<u>\$ 667</u>	<u>\$ 26,703</u>	<u>\$ 13,865</u>	<u>\$ 10,187</u>	<u>\$ 37,070</u>



SCHEDULE G (CONTINUED)

TOWN OF HARTFORD, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	GA Reserve	Veteran's Memorial	Revaluation Reserve	Cemetery Reserve	Summer Reserve	Total
REVENUES						
Investment income, net of unrealized gains/(losses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164</u>
EXPENDITURES						
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<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>	<u>164</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,500	-	5,000	-	21,091	37,628
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,500</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>21,091</u>	<u>37,628</u>
NET CHANGE IN FUND BALANCES	1,500	-	5,000	-	21,091	37,792
FUND BALANCES - JULY 1	<u>-</u>	<u>286</u>	<u>9,800</u>	<u>3,941</u>	<u>20,355</u>	<u>112,673</u>
FUND BALANCES - JUNE 30	<u>\$ 1,500</u>	<u>\$ 286</u>	<u>\$ 14,800</u>	<u>\$ 3,941</u>	<u>\$ 41,446</u>	<u>\$ 150,465</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, 2019

	Laura Fogg Irish Trust	Evelyn Hutchinson Trust Fund	Cemetery Trust Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,285	\$ 895	\$ 4,233	\$ 8,413
Investments	26,836	2,000	8,300	37,136
<b>TOTAL ASSETS</b>	<u>\$ 30,121</u>	<u>\$ 2,895</u>	<u>\$ 12,533</u>	<u>\$ 45,549</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	12,537	2,000	8,300	22,837
Restricted	17,584	895	4,233	22,712
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>30,121</u>	<u>2,895</u>	<u>12,533</u>	<u>45,549</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 30,121</u>	<u>\$ 2,895</u>	<u>\$ 12,533</u>	<u>\$ 45,549</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, 2019

	Laura Fogg Irish Trust	Evelyn Hutchinson Trust Fund	Cemetery Trust Fund	Total
<b>REVENUES</b>				
Investment income, net of unrealized gains/(losses)	\$ 175	\$ 18	\$ 52	\$ 245
<b>TOTAL REVENUES</b>	<u>175</u>	<u>18</u>	<u>52</u>	<u>245</u>
<b>EXPENDITURES</b>				
Other	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	175	18	52	245
<b>FUND BALANCES - JULY 1</b>	<u>29,946</u>	<u>2,877</u>	<u>12,481</u>	<u>45,304</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 30,121</u>	<u>\$ 2,895</u>	<u>\$ 12,533</u>	<u>\$ 45,549</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, 2019

	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
Total General Capital Assets	129,910	392,233	62,082	404,250	988,475
Less: Accumulated Depreciation	-	(210,705)	(59,362)	(80,850)	(350,917)
Net General Capital Assets	\$ 129,910	\$ 181,528	\$ 2,720	\$ 323,400	\$ 637,558

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, 2019

	General Capital Assets 7/1/18	Additions	Deletions	General Capital Assets 6/30/19
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	(313,725)	(37,192)	-	(350,917)
Net General Capital Assets	<u>\$ 674,750</u>	<u>\$ (37,192)</u>	<u>\$ -</u>	<u>\$ 637,558</u>

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



*Proven Expertise & 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*

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, 2019 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 March 31, 2021.

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 April 1, 2021.

#### 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  
March 31, 2021