

VILLAGE OF HARTLAND

Hartland, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

VILLAGE OF HARTLAND

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Hartland
Hartland, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Hartland, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Hartland'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 Village of Hartland'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 Village of Hartland'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 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Hartland, Wisconsin, as of December 31, 2017 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.

To the Village Board
Village of Hartland

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hartland's basic financial statements. The supplementary information for the year ended December 31, 2017 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017, 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village of Hartland as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated April 17, 2017, which contained unmodified opinions on the respective financial statements of the the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The supplementary information for the year ended December 31, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2016.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
May 18, 2018

Village of Hartland
2017 Management's Discussion and Analysis
(Unaudited)

The management of the Village of Hartland offers this narrative overview and analysis of the Village of Hartland's financial activities for the fiscal year ended December 31, 2017. Readers of these financial statements are encouraged to consider the information presented here in conjunction with the additional information presented on the following pages.

The Village of Hartland is a community of approximately 9,197 residents located in Waukesha County, Wisconsin about 20 miles west of Milwaukee. The Village of Hartland has benefited from this location. There is easy access to major transportation routes and many residents commute to work in Waukesha, Milwaukee, Madison and other surrounding communities. Additionally, the ease of access provides opportunities for local businesses by providing quick and simple transportation for inbound and outbound goods and products.

The Village of Hartland is a progressive community with a commitment to maintaining assets through an aggressive capital projects program.

Overview of the Financial Statements

The information in this discussion and analysis is intended to serve as an introduction to the Village of Hartland's basic financial statements. The Village of Hartland's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the Village of Hartland exceeded its liabilities and deferred inflows of resources at the close of 2017 by \$42,342,222 (net position). Of this amount, \$13,818,225 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors. Nearly all of the remaining balance of the net position (\$27,962,667) represents assets of the Village like roads, utility lines and buildings, net of any related debt. Shown on page 16 of this report.
- ❖ The total net position of the Village described on page 16 and elsewhere in these statements is impacted by liabilities, deferred inflows and deferred outflows related to pension despite the fact that pension for Village employees is provided through the State of Wisconsin Employee Trust Fund; the State's pension plan. Under governmental reporting requirements, the Village must show information related to the Village's portion of the overall State pension plan in order to demonstrate how well-funded the entire pension plan is based on actuarial assessments at a point in time. It does not necessarily represent an asset or liability of the Village.
- ❖ As shown on pages 17 and 18 of this report, the Village of Hartland's total net position increased by \$1,596,088 from \$40,746,134 in 2016 to \$42,342,222 in 2017. A significant amount of this increase is attributed to infrastructure installed by developers and donated to the Village. The funds comprising Governmental Activities realized a \$159,838 increase in net position. The funds comprising Business-type Activities realized a \$1,436,250 increase in net position. All governmental funds, major and non-major, except four (TIF #4, TIF #5, TIF #6 and Capital Projects – Developer Fund, which are shown individually on pages 19 and 20 and on pages 76 and 77) had a positive fund balance.
- ❖ As of the close of 2017, the Village of Hartland's governmental fund balance, which includes all activities of the Village except the Water and Sewer Utilities, reported combined ending

Village of Hartland

2017 Management's Discussion and Analysis (cont.)

(Unaudited)

funding balances of \$13,307,307. This is an increase of \$4,518,157 in comparison with the prior year's balance of \$8,789,150. The increase was primarily due to the 2017 General Obligation borrowings (\$4,100,000) and debt refunding (\$2,020,000) that will be paid in 2018. The 2018 and 2019 Capital Project are funded by the 2017 debt borrowing resulting in an increase in the fund's balance. Shown on pages 19 to 24 of this report.

- ❖ Of the Village's \$13,307,307 fund balance, 49% (\$6,564,932) of the fund balance is restricted or committed by the Village or statutes to be spent for specific purposes. Another 32% (\$4,164,118) is assigned by the Village for specific purposes. An additional 11% (\$1,527,285) of fund balance is considered nonspendable as it relates to non-current receivables and prepayments. Shown on pages 19 and 20 of this report.
- ❖ The remaining eight percent (8%), or \$1,050,972, of the Village's governmental fund balance is considered unassigned and is available for spending at the Village's discretion. The amount available is currently being offset, or reduced, by obligations in TIF Districts #4, #5, #6 and Capital Projects – Developers Fund in the amount of \$1,524,953. Shown on pages 19 and 20 of this report.
- ❖ When considered as a gross figure (not reduced by the TIF #4, TIF #5, TIF #6 or Capital Projects – Developers Fund fund obligations), the General Fund unassigned fund balance totals \$2,575,925. This is equal to 36% of the operating budget for the general fund revenues. This amount has been allowed to grow so that it may be used to mitigate potential sudden negative impacts that may be experienced from time to time or to address singular unforeseen needs. When considered net of the offset for TIF #4, TIF #5, TIF #6 and Capital Projects – Developers Fund, the \$1,050,972 in unassigned fund balance referenced above is about 15% of the general fund operating revenues. Shown on pages 19 and 20 of this report.
- ❖ The Village of Hartland's total debt related to governmental activities had principal payments of \$844,854 during 2017. Total general obligation debt for the business-type activities had principal payments of \$195,000. Debt is shown on page 22 for Village debt payments and page 26 for Water and Sewer Utility outstanding balances. Long term obligation (debt) payment information is also contained on pages 53 through 56 of this report.
- ❖ During 2017, two general obligation debts were issued. One in the amount of \$700,000 for the purchase of a fire truck and another bond issuance in the amount of \$5,420,000 for the 2018-2019 capital projects and refunding of an outstanding debt issue. The fire truck loan has an average percent interest rate of 1.75% and is payable in annual installments until 2027. The 2018-2019 capital projects and refinancing bonds have an interest rate range of 3-3.25% and are payable in annual installments until 2037.

Government-wide Financial Statements

The **government-wide financial statements** are designed to provide a broad overview of the Village of Hartland's finances in a manner similar to private sector business. The government-wide financial statements can be found on pages 16 through 18 of this report.

The **statement of net position** (Page 16) presents information on all of the Village of Hartland's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Hartland is improving or deteriorating. In the last several years (2011 – 2016), these figures have remained relatively steady.

The **statement of activities** (Pages 17 and 18) presents information showing how the Village of Hartland's net position changed during the most recent fiscal year. All changes in net position are

Village of Hartland

2017 Management's Discussion and Analysis (cont.) (Unaudited)

reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, and earned but unused comp time).

Both of the government-wide financial statements distinguish functions of the Village of Hartland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Hartland include general government, public safety, public works, environmental services, cemetery, library, parks and recreation. The governmental activities of the Village also include the Hartland Business Improvement District, which is a component unit of the Village. In 2007, the Hartland Business Improvement District (BID) was created by the Village of Hartland at the request of property and business owners in Village Center to provide focused services and economic assistance in the downtown consistent with state statutes. The Village assists by managing the BID's revenues, expenses and audit process via a separate fund. The business type activities of the Village of Hartland include the Water Utility and the Sewer Utility.

In the government-wide financial statements the Village of Hartland is known as the **primary government**. The Water Utility and the Sewer Utility are designated as **business activities**. Although legally separate, they function for all practical purposes as departments of the Village of Hartland and have been included as an integral part of this financial statement.

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 Village of Hartland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Hartland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – pages 19 to 24. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 the readers may better understand the long term impact of the Village of Hartland's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Hartland maintains thirteen individual governmental funds. These funds include: General Fund, Capital Projects, Corporate Reserve, Debt Service, Refuse, TIF #4, TIF #5, TIF #6, Special Library, Impact Fee, CIT, MIU and Developers. The Village of Hartland participates in and manages the accounts for the Critical Incident Team (CIT) Fund and the Major Investigations Unit (MIU) Fund. These two entities are mutual agreement police operations among area police departments pursuant to Wisconsin Statutes §66.30, §66.305 and §66.315. The two units are funded by budgeted transfers from participating jurisdictions and the finances are managed by the Village of Hartland. In each case the expenses are what is necessary to operate the teams and are a function of the number of times they are called and the type of training they need.

Village of Hartland
2017 Management's Discussion and Analysis (cont.)
(Unaudited)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, TIF #4 fund, TIF #5 fund, TIF #6 fund, debt service fund, Village projects fund and corporate reserve fund. All of these funds are considered to be major funds. Individual fund data for the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Hartland adopts an annual appropriated budget for all major funds and most of the nonmajor funds as required by state statute. Budgetary comparison statements have been provided for the general fund, TIF #4 special revenue fund, TIF #5 special revenue fund and the TIF #6 special revenue fund as part of the required supplementary information on pages 70 to 73.

There are two funds that are not budgeted: (1) the Library fund that records donations to the Library and expenses the purchases from these donations; (2) the Village reviews and reconciles the Developers fund which comprises development-related expenses that will be reimbursed by developers.

Proprietary funds – pages 25 to 29. The Village of Hartland maintains three *Proprietary funds*. Proprietary funds are used to report *business-type activities* in the government-wide financial statements. The Village of Hartland uses enterprise funds (a type of proprietary fund) to account for its Water Utility and Sewer Utility.

The Village of Hartland also maintains an internal service fund (a second type of proprietary fund) to account for dental self-insurance activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Water Utility and the Sewer Utility, both of which are considered to be major funds of the Village of Hartland.

Agency funds – page 30. Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Hartland's own programs. The agency fund maintained by the Village of Hartland is the Trust and Agency Fund which records the tax roll and tax collections made by the Village for other taxing jurisdictions within the Village of Hartland. The accounting used for agency funds is much like that used for governmental funds.

Notes to the financial statements – pages 32 to 69. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – pages 76 to 82. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In recent years, the net position of the Village has increased and decreased annually based on the particulars of a given fiscal year. In the last five years, the total assets/net position of the Village has increased by 14% (\$5.33 million) to \$42,342,222. A majority of this difference is from developer infrastructure contributions and overall growth of funds.

Village of Hartland

2017 Management's Discussion and Analysis (cont.) (Unaudited)

In the case of the Village of Hartland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,342,222 at the close of 2017. By far, the largest portion of the Village of Hartland's net position (66%) is found in net investment of capital assets which is capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Hartland uses these capital assets to provide services to citizens; consequently, these **assets are not available** for future spending. Although the Village of Hartland's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

Following is a chart of the net position of the Village of Hartland. We are presenting the financial statements in this reporting model with a comparison to the prior year.

VILLAGE OF HARTLAND NET POSITION						
	Governmental Activities		Business Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 20,606,527	\$ 15,786,407	\$ 6,169,838	\$ 6,381,370	\$ 26,776,365	\$ 22,167,777
Capital Assets	<u>27,597,859</u>	<u>25,968,356</u>	<u>18,049,765</u>	<u>17,060,334</u>	<u>45,647,624</u>	<u>43,028,690</u>
TOTAL ASSETS	<u>48,204,386</u>	<u>41,754,763</u>	<u>24,219,603</u>	<u>23,441,704</u>	<u>72,423,989</u>	<u>65,196,467</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to pensions	1,552,581	2,216,688	218,699	308,011	1,771,280	2,524,699
Refunding loss	<u>95,467</u>	<u>120,138</u>	<u>29,994</u>	<u>34,279</u>	<u>125,461</u>	<u>154,417</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,648,048</u>	<u>2,336,826</u>	<u>248,693</u>	<u>342,290</u>	<u>1,896,741</u>	<u>2,679,116</u>
LIABILITIES						
Long-term liabilities outstanding	19,749,849	14,290,328	4,331,581	4,763,547	24,081,430	19,053,875
Current and other liabilities	<u>625,964</u>	<u>687,817</u>	<u>238,866</u>	<u>532,367</u>	<u>864,830</u>	<u>1,220,184</u>
TOTAL LIABILITIES	<u>20,375,813</u>	<u>14,978,145</u>	<u>4,570,447</u>	<u>5,295,914</u>	<u>24,946,260</u>	<u>20,274,059</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	6,311,901	5,907,777	-	-	6,311,901	5,907,777
Deferred inflows related to pensions	<u>630,930</u>	<u>831,715</u>	<u>89,417</u>	<u>115,898</u>	<u>720,347</u>	<u>947,613</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,942,831</u>	<u>6,739,492</u>	<u>89,417</u>	<u>115,898</u>	<u>7,032,248</u>	<u>6,855,390</u>
NET POSITION						
Net investment in capital assets	12,239,542	14,053,435	15,723,125	14,796,605	27,962,667	28,850,040
Restricted	561,330	428,941	-	-	561,330	428,941
Unrestricted	<u>9,732,918</u>	<u>7,891,576</u>	<u>4,085,307</u>	<u>3,575,577</u>	<u>13,818,225</u>	<u>11,467,153</u>
TOTAL NET POSITION	<u>\$ 22,533,790</u>	<u>\$ 22,373,952</u>	<u>\$ 19,808,432</u>	<u>\$ 18,372,182</u>	<u>\$ 42,342,222</u>	<u>\$ 40,746,134</u>

Village of Hartland

2017 Management's Discussion and Analysis (cont.) (Unaudited)

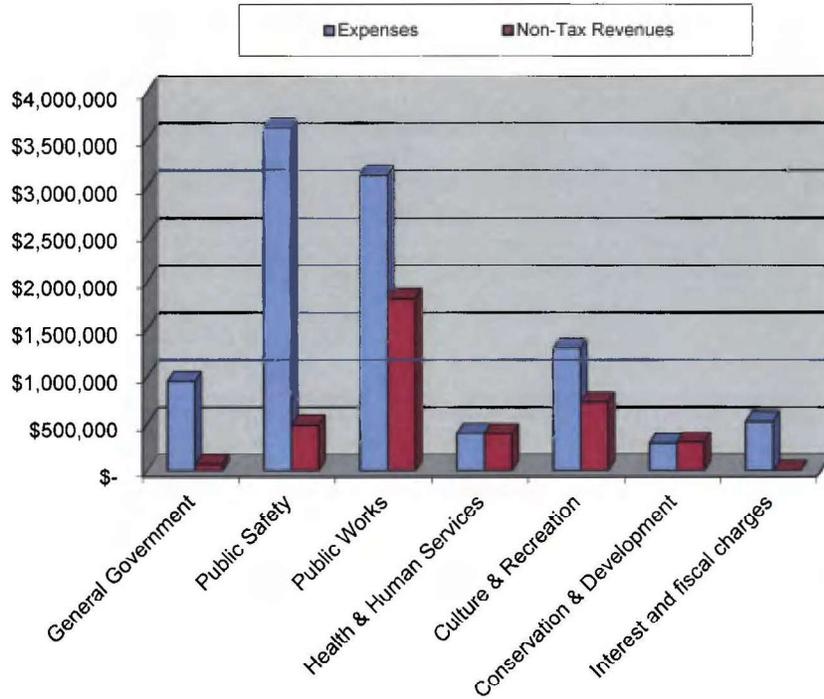
Following is a chart of the net position of the Village of Hartland. We are presenting the financial statements in this reporting model with a comparison to the prior year.

VILLAGE OF HARTLAND'S CHANGES IN NET POSITION								
For the year ending December 31								
	Governmental Activities		Business Type Activity - Water Utility		Business Type Activity - Sewer Utility		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues								
<i>Program Revenues</i>								
Charges for services	\$ 1,736,552	\$ 1,979,901	\$ 1,815,730	\$ 1,375,260	\$ 1,697,621	\$ 1,870,542	\$ 5,249,903	\$ 5,225,703
Operating grants and contributions	915,544	958,754	-	-	-	-	915,544	958,754
Capital grants and contributions	1,155,494	1,392,212	348,228	1,717,594	610,620	811,295	2,114,342	3,921,101
<i>General Revenues</i>								
Property taxes	5,483,079	5,386,569	-	-	-	-	5,483,079	5,386,569
Inter governmental revenues not restricted to specific programs	501,689	558,029	-	-	-	-	501,689	558,029
Investment income	110,274	83,556	13,413	8,863	69,263	71,601	192,950	164,020
Miscellaneous	183,222	165,557	-	-	-	-	183,222	165,557
Gain on disposal of assets	58,487	20,600	-	-	-	-	58,487	20,600
Transfers	232,282	225,209	(225,330)	(218,059)	(6,952)	(7,150)	-	-
Total Revenues	<u>10,376,623</u>	<u>10,770,387</u>	<u>1,952,041</u>	<u>2,883,658</u>	<u>2,370,552</u>	<u>2,746,288</u>	<u>14,699,216</u>	<u>16,400,333</u>
Expenses								
<i>Primary Government</i>								
General government	953,560	984,677	-	-	-	-	953,560	984,677
Public safety	3,624,991	3,432,040	-	-	-	-	3,624,991	3,432,040
Public works	3,123,963	2,739,811	-	-	-	-	3,123,963	2,739,811
Health and human services	399,191	398,886	-	-	-	-	399,191	398,886
Culture, education and recreation	1,300,778	1,285,112	-	-	-	-	1,300,778	1,285,112
Conservation and development	291,540	1,069,744	-	-	-	-	291,540	1,069,744
Interest and fiscal charges	522,762	397,183	51,913	55,768	55,296	63,097	629,971	516,048
<i>Business Type Activities</i>								
Water Utility	-	-	1,227,864	1,218,183	-	-	1,227,864	1,218,183
Sewer Utility	-	-	-	-	1,551,270	1,478,691	1,551,270	1,478,691
Total Expenses	<u>10,216,785</u>	<u>10,307,453</u>	<u>1,279,777</u>	<u>1,273,951</u>	<u>1,606,566</u>	<u>1,541,788</u>	<u>13,103,128</u>	<u>13,123,192</u>
Change in Net Position	159,838	462,934	672,264	1,609,707	763,986	1,204,500	1,596,088	3,277,141
TOTAL NET POSITION - JAN 1	<u>22,373,952</u>	<u>21,911,018</u>	<u>11,479,670</u>	<u>9,869,963</u>	<u>6,892,512</u>	<u>5,688,012</u>	<u>40,746,134</u>	<u>37,468,993</u>
TOTAL NET POSITION - DEC 31	<u>\$22,533,790</u>	<u>\$22,373,952</u>	<u>\$ 12,151,934</u>	<u>\$ 11,479,670</u>	<u>\$ 7,656,498</u>	<u>\$ 6,892,512</u>	<u>\$42,342,222</u>	<u>\$40,746,134</u>

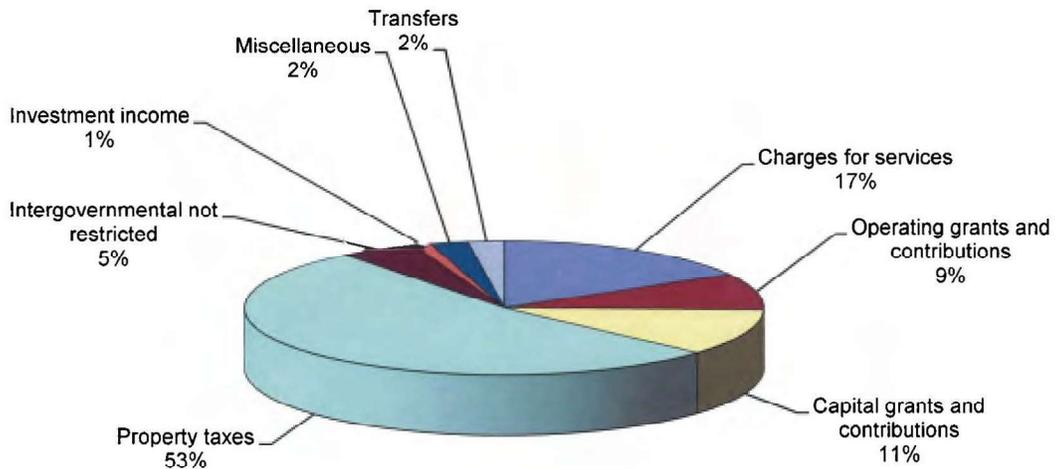
Village of Hartland

2017 Management's Discussion and Analysis (cont.) (Unaudited)

Expenses & Program Revenues - Governmental Activities



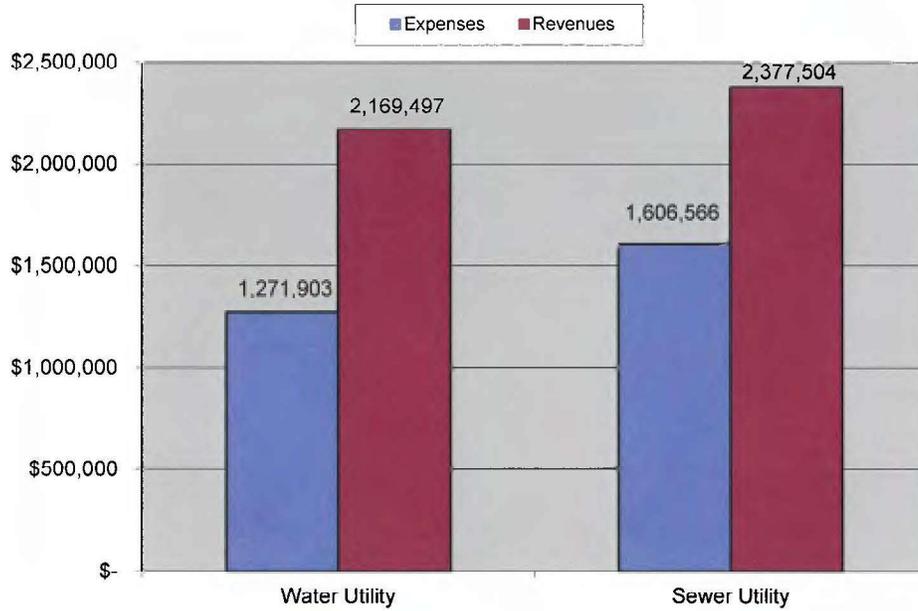
Program & General Revenues by Source - Governmental Activities



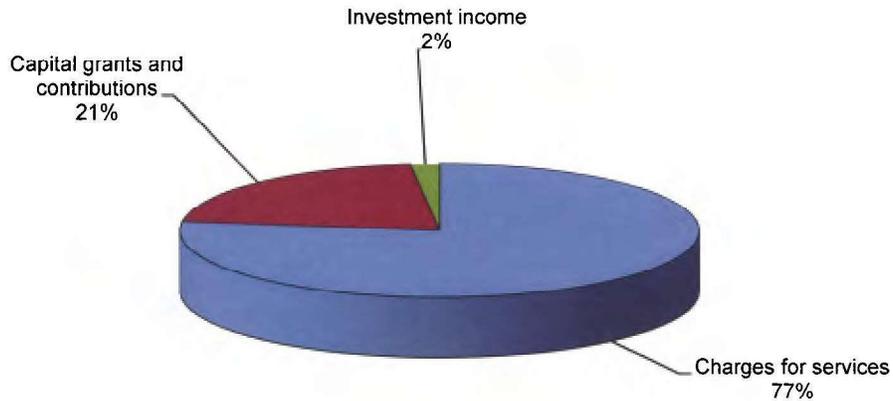
Village of Carland

2017 Management's Discussion and Analysis (cont.) (Unaudited)

Expenses & Program Revenues - Business-Type Activities Excluding Transfers



Revenues by Source - Business-type Activities



Village of Hartland
2017 Management's Discussion and Analysis (cont.)
(Unaudited)

General Budgetary Highlights

The general fund budget posted an excess of revenues and other financing sources over expenditures and other financing uses of \$29,985. The Village of Hartland's 2017 operating budget received 100.38% of its budgeted revenues and spent 99.97% of its budgeted expenses. The Village decreased an expected transfer to the Corporate Reserve Fund to ensure expenditures were not overspent in 2017.

- Grant revenue was \$24,931 more than budgeted in 2017.
- Permit revenue was \$147,612 more than budgeted in 2017.
- Ambulance billings were \$39,309 more than budgeted in 2017.
- The Village had an expected use of fund balance of \$360,000 that it did not need to use in 2017.

On the expenditure side, all departments worked diligently to stay within the annual budget as there was constant monitoring of expenditures throughout the year. There were only four instances where operating expenditures were over budget. The four areas over budget were Police which was over by \$21,694 mainly due to overtime and employee benefits; Fire Protection, which was over budget by \$11,116, due to salary adjustments; Parks, which was over budget by \$36,186 due to an increase in our recreation programs offered; and Conservation and Development, which was over budget by \$57,988 due to the increase in permit revenue and subsequent increase in payments to our 3rd party company providing our inspection services. The other operating accounts came in under budget to make our overall expenses approximately 0.9% below budget.

The Village of Hartland's budget for the proprietary funds is not adopted on a full accrual basis but is accounted for on a full accrual basis; therefore, the budgetary comparisons discussed below compare the actual results on a budgetary basis. In regards to the Village of Hartland's proprietary funds:

- Total revenues for the water utility were at 112% while expenses came in at 77% of budget resulting in a gain as intended. The rate for 2017 has been in effect since December 16, 2016. During 2016, a full rate case was submitted to the Public Service Commission, which approved an average of approximately 29.0% rate increase effective the first quarter of 2017. In the past, the use of unrestricted net position had allowed the operation to continue either without a rate increase or only small adjustments. The new rate increase is intended to help the water utility fund and maintain the water system and infrastructure. There was no simplified rate increase during 2017. The Village will review the need for rate adjustments annually.
- Total revenues for the Sewer Utility were 130% of budget and the expenses were at 88% of budget, resulting in a gain. The Sewer Utility budgets to pay \$20,000 annually into an account that has been designated for lift station rehabilitation and replacement. A maintenance schedule has been put in place. At the end of 2017, the balance available for lift station maintenance was \$303,011. The Sewer Utility also has funds set aside for future improvements to the Sewer system for the north and northeast portion of the Village in the amount of \$794,916 and \$50,000 for the maintenance and replacement of the Four Winds West Subdivision Lift Station. Residents of that subdivision pay a special fee for the maintenance, operation and future replacement of that lift station, which is separate from the usual and customary rates.
- Management has been concerned that the Sewer Utility would not be able to meet its operating expenses in future years. Therefore, a 5% increase per year in the per-thousand-gallon rate to customers was implemented in 2002 through 2008. This practice was re-

Village of Hartland
2017 Management's Discussion and Analysis (cont.)
(Unaudited)

implemented in 2013 and annually thereafter. During the 2018 budget process, the Sewer Utility rate was increased an additional 5% effective December 2017. The financial health of the Sewer Utility will continue to be evaluated on a yearly basis.

As discussed earlier, the Village's TIF Districts #4, #5 and #6 show expenses (at pages 22 and 45 of this document) in excess of \$3,300. Districts #4 and #5 are showing offsetting revenue (Property Taxes) and the deficits in those districts are reducing. TIF District #6 is not yet yielding tax revenue so the expenses this year (\$908) increased its deficit. It is anticipated that incremental property taxes will be paid beginning in 2018. Expenses in the TIF Districts are considered by the Village to be investments that are expected to be returned by the long term improvement in the property values and the related taxes paid within the districts. TIF #4 and TIF #5 will have minimal expenditures for the remainder of their lives and TIF #6 will incur more expenditures during 2018.

The interest rates during 2017 more than doubled thus increasing interest income for all funds. The Village has \$3.0 million with a local bank in a CDARS program that is earning 1.25% annually. The Village also has a repurchase agreement account with an ending balance of \$24,485,190 and an ending interest rate of 0.85%. The Village has \$303,000 in the Local Government Investment Pool earning 1.21% at the end of the year. The remainder of the Village's balances are in a checking account or various minimal interest funds.

Capital Assets

The infrastructure-related capital assets of the Village of Hartland are managed through a six year capital improvement plan for both governmental and business-type activities. Projects in the capital improvement plan include the purchase or improvement of land for Village purposes and construction or major improvement to buildings, park facilities, streets, street lighting, tree planting, sidewalks, curb and gutter, storm sewers, sanitary sewer facilities and water facilities. The majority of activities included in the capital improvement plan are generally funded by borrowing for up to three years' worth of projects at a time. The Village of Hartland maintains records related to all of its capital facilities in either our geographical information system (GIS) database or a fixed asset program. The computerization of these records has improved the availability and quality of our records system, which has streamlined the planning process and made it easier to manage these assets.

The Trustees and staff of the Village of Hartland continue to spend a great deal of time working with the Village's financial consultants, Ehlers and Associates, to create and maintain a long-term financial management plan that supports our five year capital plan for infrastructure improvements.

The Village of Hartland also maintains a Corporate Reserve Fund that funds the purchase of the equipment portion of our capital assets. A vehicle and equipment schedule is maintained showing date purchased, cost, estimated year of replacement, and the estimated replacement cost. A repayment schedule over the life of the item purchased is also charted. Those repayments, which are currently based on the vehicle purchase cost not the future replacement cost, become an expense in the departmental budgets every year and help fund the purchase of replacement vehicles and equipment in future years. The general fund does not pay interest on the repayments to the corporate reserve fund. If the utilities borrow from this fund, they are charged an interest rate that is ¼% lower than would be available through a state trust fund loan.

Significant additions in the capital assets of the governmental activities include:

- Repaving of Pawling Ave, Pineview Ct, Ponderosa Dr., Thornbush Cir., Pinyon Ct., Cedar Bend, Balsam Ct., and Arlene Dr. streets in the amount of \$936,042.
- Fire Department Defibrillators for \$53,390

Village of Hartland
2017 Management's Discussion and Analysis (cont.)
(Unaudited)

- Fire Department ladder truck for \$1,022,046
- Two Police SUV's in the amount of \$61,281.
- Two Public Works trucks, a Ford F350 and Ford F550 totaling \$110,466.
- Public Works Mini Excavator for \$68,720
- Developer infrastructure contributions totaling \$1,061,109 consisting of Roads, Street Lights, Side Walks, Foot Bridge, Pathways and Storm Sewer in the Four Winds West subdivision and the Riverwalk development downtown.

In the business type activities, the Water Utility purchased meters for \$84,784, hydrants for \$179,284, main valve replacement for \$164,938, a water utility meter reader for \$16,550 and developer water system contributions totaling \$348,228 in the aforementioned developments. The Sewer Utility purchased a sewer jet truck for \$397,172 and had developer sewer system contributions totaling \$610,620 from the Four Winds West Subdivision and Hawks Haven development which is located in the Town of Delafield.

The Village of Hartland is proud to be able to continue the aggressive maintenance of our infrastructure. More information is provided on the Village's capital assets activity for the year on pages 49 through 51 of the financial statements.

Long-term Debt

At the end of 2017, the Village bond rating was Aa2, which was in place when the Village executed the most recent borrowing in December of 2017. We are very proud that a community our size is able to attain this rating. This rating recognizes our strong financial position, stable tax base and moderate debt burden.

At the end of 2017, the total amount of general obligation outstanding debt was \$20,734,269, which entirely comprises general obligation bonds. This is equal to less than 1.6% of the Village of Hartland's 2017 equalized value. State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. Based on the Village's 2017 equalized value of \$1,288,968,100, the Village of Hartland's allowable indebtedness is \$64,448,405 (5% of the equalized value). At the end of 2017, the Village has used 32.17% of its allowable indebtedness. As previously mentioned, approximately \$2.4 million of this debt number was refinanced and will be repaid in February 2018. So, our total debt number appears higher than normal for 2017 due to this refunding that will take place in 2018.

89% of the Village's overall debt is related to governmental activities. The Water Utility owes just short of 11% of the debt and the Sewer Utility owes less than 0.5% of the debt. The 2017 borrowings were for the new fire department ladder truck and 2018-2019 paving program.

In 2005, the Sewer Utility also partnered with the City of Delafield Sewer Utility to obtain a Clean Water Fund Loan for the Delafield-Hartland Waste Water Pollution Control Commission (Del-Hart). Del-Hart is the paying agent on this revenue bond because the sewer treatment revenues are funding the principal and interest payments. The balance of revenue bonds outstanding attributable to the Village of Hartland at December 31, 2017 is \$1,866,383.

More information on the Village of Hartland's long-term debt can be found on pages 53 through 56.

Village of Hartland
2017 Management's Discussion and Analysis (cont.)
(Unaudited)

General Economic Factors

Despite the relative permanence of the changes brought about by the 2008 economic downturn, not only on our practices but the economic conditions in which we operate, the Village remains strong. The financial resources of the Village were impacted by these overall changes in the economy. In the years that lead up to 2008, property values and community growth steadily increased. With the change in the economy, the Village, like many other municipalities, saw an almost immediate decline in growth activity and began to experience decline in property values, which continued to 2013. Through January of 2013, the Village's equalized value had decreased by approximately 11% below the 2008 figure. However, home and commercial property prices stabilized and began to rise while commercial vacancy rates dropped in the Village. The Village has seen growth in property values for existing properties and, through the construction of recently approved residential subdivisions as well as other commercial and downtown development, has realized an expansion of the overall tax base. By 2017, the Village's equalized value experienced an annual increase of just over 6% and finally has rebounded to a level about 1.5% greater than the 2008 figure. Growth in the Village's overall tax base will continue to grow as the previously-approved developments build out and fill up. The Village continues to be approached about other potential subdivisions and developments, which will be considered in the context of the Village's current Comprehensive Plan and any updates made to it during a major update of that important planning document that will occur in 2018 and early 2019.

As alluded to above, the Village continues to see strong growth in the commercial sector. Several of the Village's industrial and large commercial businesses have grown at their existing Hartland locations and others continue to follow suit. Major expansions and increases in activity have occurred and continue to occur at a number of the larger commercial enterprises and Village staff have been responding to planned expansions and improvements at all types and sizes of commercial facilities. These factors continue to demonstrate the improving forecast. Despite the difficulties of the past, the Village of Hartland weathered the downturn in the way management expected; by taking care of our infrastructure; maintaining a careful and deliberate approach to financial management; maintaining our healthy reserves and responding to growth potential in a manner consistent with our plans. In difficult times, our reserves add strength to our financial position. We expect it to remain strong into the future as we predict modest increases in our tax base growth.

Tax Increment Financing

As noted earlier in this Analysis, TIF District #4, which was created just prior to the downturn in 2008, has improved and is realizing positive value and property tax revenue. TIF #4 has been reduced in size twice to mitigate the value loss it experienced after its inception. In 2015, the Village implemented the second reduction of TIF #4 to include only the two properties that received funding through the District, which have experienced a major increase in value. By doing so, TIF District #4 generated positive increment on which taxes were levied creating tax revenue in the district for the first time in 2016. This continued in 2017 and is expected to continue into the future. Taxes generated are expected to cover the cost of the loans made by the Village/TIF District to support the redevelopment. Due to a 2017 change in State Law, the status of all of the Village's TIF Districts is reviewed annually at a public meeting of the Joint Review Boards for each District. The Joint Review Board includes representatives from Waukesha County, Waukesha County Technical College, Arrowhead High School, the local elementary school districts as well as the Village and the public.

The Mixed Use Tax Increment Financing District (TIF #6) created in 2015 to support the aforementioned mixed use redevelopment on E. Capitol Drive in the downtown continues to develop. The project involved the demolition and redevelopment of a commercial building and three residential structures into a new mixed use commercial building and two residential buildings comprising up to 80 residential units and about 4,000 square feet of commercial space. During 2016, the financial assistance provided on the development was modified and includes up to \$1.955 million in monetary contributions, which comprises about \$733,000 in grants for infrastructure and other specific activities

Village of Hartland
2017 Management's Discussion and Analysis (cont.)
(Unaudited)

and rebates on incremental taxes paid by the property owner in an amount not to exceed \$1.222 million, plus two properties owned by the Village in the redevelopment area. Once construction is complete, the TIF #6 is expected to generate more than \$8 million in property value. In 2017, the partially-complete project was valued at over \$5 million, which generated over \$3.7 million in new (incremental) value. It is anticipated that nearly all of the full value will be realized in the 2018 assessment role.

In 2011, the Village of Hartland created TIF #5 for rehabilitation of a blighted area south of Cardinal Lane near Highway 83. TIF #5 facilitated the redevelopment of the property in a manner which provided a higher and better use of the property and provided roadway improvements to better serve the neighborhood within which TIF #5 is located. The area has been redeveloped with a restaurant with drive through facilities. Since 2012, the development has realized growing levels of increment value. In 2015, after some one-time adjustments for previously unrecorded value, the value was \$1.6 million, which netted a tax increment payment of over \$21,000. In 2016, the incremental value of the property settled to approximately \$1.18 million, which is expected to increase in the future with appreciation of the property's value. Payments made on the increment are used to help pay down loans made to the developer of the project as an incentive.

Other Factors

The Village's economic development activities in the downtown continue to complement the Business Improvement District which was formed under Wisconsin Statutes section 66.1110 (1)(f)(4) at the end of 2006 by an active group of downtown business people. The Business Improvement District works to enhance the aesthetics and commercial atmosphere in the Village and, consequently, increase business activity. A director is employed by the BID and office space, a web site and regular electronic communications with members are maintained. The BID continues to operate a number of grant programs along with a highly successful revolving loan program and other activities to improve the Downtown including installation of directional signs, support of downtown events and activities, and provision of educational opportunities for businesses. Through its various loans and grants to downtown businesses and property owners who want to make a better street presence or otherwise improve their buildings, the BID has leveraged significant private investment in the downtown. The Business Improvement District is a public/private partnership in which property and business owners elect to make a collective contribution to the maintenance, development and promotion of their commercial district. The Village of Hartland assists in this effort by matching grants made by the BID to eligible property owners. The Business Improvement District has remained successful and expanded its boundaries in 2017 to include additional commercial properties adjacent to the then-existing District boundaries. Additionally, the District, which was a significant factor in the Village achieving its status as an Ice Age Trail Community, remains an active participant in this ongoing cross marketing relationship with the Ice Age Trail Alliance.

In 2016, Waukesha County, in partnership with the Waukesha Business Alliance, created the Waukesha County Center for Growth to fill the role of the economic development agency for the County. As part of its ongoing commitment to maintain and improve the economic climate in the Village, Hartland partnered with this organization in order to better provide assistance and resources to existing businesses and to seek opportunities for expansion of the commercial base in the Village through introduction of new businesses. The Village will continue to evaluate this partnership and expects to continue to support the work of the Waukesha County Center for Growth.

Requests for Information

This financial report is designed to provide a general overview of the Village of Hartland's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Village of Hartland Finance Director, 210 Cottonwood Avenue, Hartland, WI 53029.

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VILLAGE OF HARTLAND

STATEMENT OF NET POSITION

As of December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
ASSETS				
Cash and investments	\$ 13,889,820	\$ 3,447,452	\$ 17,337,272	\$ 38,613
Receivables (net)				
Taxes	6,300,296	54,413	6,354,709	72,800
Accounts	102,034	779,998	882,032	-
Delinquent personal property taxes	3,048	-	3,048	-
Accrued interest	23,516	-	23,516	-
Loans	286,406	-	286,406	-
Inventories and prepaid items	1,407	13,038	14,445	4,200
Restricted assets				
Accrued interest	-	8,554	8,554	-
Loans	-	1,866,383	1,866,383	-
Capital assets (net of accumulated depreciation/amortization)				
Land	612,637	22,291	634,928	-
Construction in progress	8,570	1,350	9,920	-
Other capital assets, net of depreciation/amortization	26,976,652	18,026,124	45,002,776	-
Total Assets	<u>48,204,386</u>	<u>24,219,603</u>	<u>72,423,989</u>	<u>115,613</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pensions	1,552,581	218,699	1,771,280	-
Refunding loss	95,467	29,994	125,461	-
Total Deferred Outflows of Resources	<u>1,648,048</u>	<u>248,693</u>	<u>1,896,741</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 430,898	\$ 216,893	\$ 647,791	\$ 2,077
Accrued interest payable	102,493	21,973	124,466	-
Deposits	91,825	-	91,825	-
Due to other governmental units	748	-	748	-
Noncurrent liabilities				
Due within one year	3,369,221	517,079	3,886,300	-
Due in more than one year	16,178,265	3,787,814	19,966,079	-
Net pension liability	202,363	26,688	229,051	-
Total Liabilities	<u>20,375,813</u>	<u>4,570,447</u>	<u>24,946,260</u>	<u>2,077</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	6,311,901	-	6,311,901	72,800
Deferred inflow related to pensions	630,930	89,417	720,347	-
Total Deferred Inflows of Resources	<u>6,942,831</u>	<u>89,417</u>	<u>7,032,248</u>	<u>72,800</u>
NET POSITION				
Net investment in capital assets	12,239,542	15,723,125	27,962,667	-
Restricted for				
Library	72,947	-	72,947	-
Impact fees	342,129	-	342,129	-
EMS Act 102	14,806	-	14,806	-
Debt service	131,448	-	131,448	-
Unrestricted	9,732,918	4,085,307	13,818,225	40,736
TOTAL NET POSITION	<u>\$ 22,533,790</u>	<u>\$ 19,808,432</u>	<u>\$ 42,342,222</u>	<u>\$ 40,736</u>

VILLAGE OF HARTLAND

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities				
General government	\$ 953,560	\$ 65,829	\$ -	\$ -
Public safety	3,624,991	427,142	61,504	-
Public works	3,123,963	75,743	594,287	1,155,494
Health and human services	399,191	396,072	-	-
Culture, education and recreation	1,300,778	470,590	257,033	-
Conservation and development	291,540	301,176	2,720	-
Interest and fiscal charges	522,762	-	-	-
Total Governmental Activities	10,216,785	1,736,552	915,544	1,155,494
Business-type Activities				
Water Utility	1,279,777	1,815,730	-	348,228
Sewer Utility	1,606,566	1,697,621	-	610,620
Total Business-type Activities	2,886,343	3,513,351	-	958,848
Total Primary Government	\$ 13,103,128	\$ 5,249,903	\$ 915,544	\$ 2,114,342
Component Unit				
Business improvement district	\$ 81,176	\$ -	\$ 10,133	\$ -

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Gain on disposal of assets

Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activites	Totals	Business Improvement District
\$ (887,731)	\$ -	\$ (887,731)	\$ -
(3,136,345)	-	(3,136,345)	-
(1,298,439)	-	(1,298,439)	-
(3,119)	-	(3,119)	-
(573,155)	-	(573,155)	-
12,356	-	12,356	-
(522,762)	-	(522,762)	-
<u>(6,409,195)</u>	<u>-</u>	<u>(6,409,195)</u>	<u>-</u>
-	884,181	884,181	-
-	701,675	701,675	-
-	<u>1,585,856</u>	<u>1,585,856</u>	-
<u>(6,409,195)</u>	<u>1,585,856</u>	<u>(4,823,339)</u>	<u>-</u>
-	-	-	<u>(71,043)</u>
4,269,286	-	4,269,286	-
1,207,032	-	1,207,032	-
6,761	-	6,761	-
-	-	-	70,000
501,689	-	501,689	-
110,274	82,676	192,950	-
183,222	-	183,222	210
58,487	-	58,487	-
<u>6,336,751</u>	<u>82,676</u>	<u>6,419,427</u>	<u>70,210</u>
<u>232,282</u>	<u>(232,282)</u>	<u>-</u>	<u>-</u>
159,838	1,436,250	1,596,088	(833)
<u>22,373,952</u>	<u>18,372,182</u>	<u>40,746,134</u>	<u>41,569</u>
<u>\$ 22,533,790</u>	<u>\$ 19,808,432</u>	<u>\$ 42,342,222</u>	<u>\$ 40,736</u>

VILLAGE OF HARTLAND

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	Special Revenue Funds			
	General	TIF #4	TIF #5	TIF #6
ASSETS				
Assets				
Cash and investments	\$ 4,345,880	\$ -	\$ -	\$ -
Receivables				
Taxes	4,454,624	20,782	17,098	60,846
Delinquent personal property tax	3,048	-	-	-
Accrued interest	23,516	-	-	-
Accounts (net)	102,034	-	-	-
Loans	-	202,751	83,655	-
Due from other funds	1,522,830	-	-	-
Inventories and prepayments	1,407	-	-	-
Total Assets	\$ 10,453,339	\$ 223,533	\$ 100,753	\$ 60,846
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 268,837	\$ -	\$ -	\$ -
Accrued liabilities	21,439	-	-	-
Due to other governments	748	-	-	-
Due to other funds	-	623,355	58,263	829,418
Deposits	91,825	-	-	-
Total Liabilities	382,849	623,355	58,263	829,418
Deferred Inflows of Resources				
Unearned revenues	4,466,229	20,782	17,098	60,846
Unavailable revenues	-	202,751	83,655	-
Total Deferred Inflows of Resources	4,466,229	223,533	100,753	60,846
Fund Balances (Deficits)				
Nonspendable	1,527,285	-	-	-
Restricted	14,806	-	-	-
Committed	-	-	-	-
Assigned	1,486,245	-	-	-
Unassigned (Deficits)	2,575,925	(623,355)	(58,263)	(829,418)
Total Fund Balances (Deficits)	5,604,261	(623,355)	(58,263)	(829,418)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 10,453,339	\$ 223,533	\$ 100,753	\$ 60,846

Debt Service	Capital Projects Funds		Nonmajor Governmental Funds	Totals
	Village Projects	Corporate Reserve		
\$ 2,391,808	\$ 4,997,356	\$ 1,384,532	\$ 588,359	\$ 13,707,935
1,351,096	-	-	395,850	6,300,296
-	-	-	-	3,048
-	-	-	-	23,516
-	-	-	-	102,034
-	-	-	-	286,406
-	-	-	-	1,522,830
-	-	-	-	1,407
<u>\$ 3,742,904</u>	<u>\$ 4,997,356</u>	<u>\$ 1,384,532</u>	<u>\$ 984,209</u>	<u>\$ 21,947,472</u>
\$ -	\$ 93,589	\$ -	\$ 42,590	\$ 405,016
-	-	-	-	21,439
-	-	-	-	748
-	-	-	11,794	1,522,830
-	-	-	-	91,825
-	<u>93,589</u>	-	<u>54,384</u>	<u>2,041,858</u>
1,351,096	-	-	395,850	6,311,901
-	-	-	-	286,406
<u>1,351,096</u>	-	-	<u>395,850</u>	<u>6,598,307</u>
-	-	-	-	1,527,285
2,391,808	3,610,426	-	415,076	6,432,116
-	-	-	132,816	132,816
-	1,293,341	1,384,532	-	4,164,118
-	-	-	(13,917)	1,050,972
<u>2,391,808</u>	<u>4,903,767</u>	<u>1,384,532</u>	<u>533,975</u>	<u>13,307,307</u>
<u>\$ 3,742,904</u>	<u>\$ 4,997,356</u>	<u>\$ 1,384,532</u>	<u>\$ 984,209</u>	<u>\$ 21,947,472</u>

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VILLAGE OF HARTLAND

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2017

Total Fund Balances - Governmental Funds	\$ 13,307,307
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	612,637
Construction in progress	8,570
Other capital assets	44,578,740
Less: Accumulated depreciation	(17,602,088)
Special assessments and loans not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements	286,406
The net pension liability does not relate to current financial resources and is not reported in the governmental funds	(202,363)
The deferred outflows of resources related to pensions do not relate to current financial resources and, therefore, is not reported in the governmental funds	1,552,581
The deferred inflows of resources related to pensions do not relate to current financial resources and, therefore, is not reported in the governmental funds	(630,930)
Internal service funds are reported in the statement of net position as governmental activities	177,442
Some deferred outflows of resources and liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds and notes payable (including loss on refunding, debt discount, and premiums)	(18,968,743)
Compensated absences	(483,276)
Accrued interest payable	(102,493)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,533,790</u>

VILLAGE OF HARTLAND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2017

	Special Revenue Funds			
	General	TIF #4	TIF #5	TIF #6
REVENUES				
Taxes	\$ 4,269,286	\$ 19,462	\$ 17,342	\$ -
Intergovernmental	1,330,374	309	174	-
Licenses and permits	378,230	-	-	-
Fines, forfeitures and penalties	75,071	-	-	-
Public charges for services	823,150	-	-	-
Public improvement revenues	-	-	2,720	-
Interdepartmental revenue	48,161	-	-	-
Investment income	55,637	-	-	-
Miscellaneous revenues	111,877	-	-	-
Total Revenues	<u>7,091,786</u>	<u>19,771</u>	<u>20,236</u>	<u>-</u>
EXPENDITURES				
Current				
General government	844,097	170	170	170
Police	2,357,108	-	-	-
Fire protection	654,966	-	-	-
Public works	1,447,016	-	-	-
Health and human services	12,415	-	-	-
Library	688,429	-	-	-
Parks	436,256	-	-	-
Conservation and development	194,773	1,335	738	738
Capital Outlay	106,622	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Total Expenditures	<u>6,741,682</u>	<u>1,505</u>	<u>908</u>	<u>908</u>
Excess (deficiency) of revenues over expenditures	<u>350,104</u>	<u>18,266</u>	<u>19,328</u>	<u>(908)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	324	-	-	-
Debt issued	-	-	-	-
Premium on long-term debt issued	-	-	-	-
Transfers in	232,282	-	-	-
Transfers out	(552,725)	-	-	-
Total Other Financing Sources (Uses)	<u>(320,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	29,985	18,266	19,328	(908)
FUND BALANCES (DEFICITS) - Beginning of Year	<u>5,574,276</u>	<u>(641,621)</u>	<u>(77,591)</u>	<u>(828,510)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 5,604,261</u>	<u>\$ (623,355)</u>	<u>\$ (58,263)</u>	<u>\$ (829,418)</u>

Debt Service	Capital Projects Funds		Nonmajor Governmental Funds	Totals
	Village Projects	Corporate Reserve		
\$ 1,207,032	\$ -	\$ -	\$ -	\$ 5,513,122
-	76,385	-	62,441	1,469,683
-	-	-	-	378,230
-	-	-	-	75,071
-	-	3,561	508,866	1,335,577
-	-	-	9,426	12,146
-	-	-	-	48,161
5,940	23,872	10,050	5,349	100,848
-	18,000	-	-	129,877
<u>1,212,972</u>	<u>118,257</u>	<u>13,611</u>	<u>586,082</u>	<u>9,062,715</u>
-	-	-	-	844,607
-	-	-	45,602	2,402,710
-	-	-	-	654,966
-	-	-	-	1,447,016
-	-	-	389,984	402,399
-	-	-	16,518	704,947
-	-	-	-	436,256
-	10,133	-	-	207,717
-	1,336,880	1,310,115	48,743	2,802,360
840,000	4,854	-	-	844,854
384,534	-	-	-	384,534
43,774	73,679	1,325	-	118,778
<u>1,268,308</u>	<u>1,425,546</u>	<u>1,311,440</u>	<u>500,847</u>	<u>11,251,144</u>
(55,336)	(1,307,289)	(1,297,829)	85,235	(2,188,429)
-	-	50,236	-	50,560
2,020,000	3,400,000	700,000	-	6,120,000
137,867	165,877	-	-	303,744
130,687	2,309	552,725	-	918,003
(2,309)	(130,687)	-	-	(685,721)
<u>2,286,245</u>	<u>3,437,499</u>	<u>1,302,961</u>	<u>-</u>	<u>6,706,586</u>
2,230,909	2,130,210	5,132	85,235	4,518,157
160,899	2,773,557	1,379,400	448,740	8,789,150
<u>\$ 2,391,808</u>	<u>\$ 4,903,767</u>	<u>\$ 1,384,532</u>	<u>\$ 533,975</u>	<u>\$ 13,307,307</u>

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VILLAGE OF HARTLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ 4,518,157
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets are capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,802,360
Some items reported as capital outlay were not capitalized	(515,545)
Depreciation is reported in the government-wide statements	(1,563,781)
Net book value of assets retired	(154,640)

Contributed capital assets are reported as revenues in the government-wide financial statements.	1,061,109
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(30,043)
---	----------

Debt issued provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(6,120,000)
Principal repaid	844,854

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as other additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Premium on long-term debt issued	(303,744)
Amortization	(4,849)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Net pension liability	192,847
Deferred outflows of resources related to pensions	(664,107)
Deferred inflows of resources related to pensions	200,785
Compensated absences	(93,300)
Accrued interest on debt	(14,601)

Internal service funds are used by management to charge self insurance costs to individual funds. The increase in net position of the internal service fund reported with governmental activities.	4,336
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 159,838</u>
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VILLAGE OF HARTLAND

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
ASSETS				
Current Assets				
Cash and investments	\$ 1,606,684	\$ 1,840,768	\$ 3,447,452	\$ 181,885
Receivables				
Accounts	427,528	352,470	779,998	-
Taxes	8,716	45,697	54,413	-
Inventories and prepayments	13,038	-	13,038	-
Restricted Assets				
Accrued interest	-	8,554	8,554	-
Current portion of loan receivable	-	290,355	290,355	-
Total Current Assets	<u>2,055,966</u>	<u>2,537,844</u>	<u>4,593,810</u>	<u>181,885</u>
Noncurrent Assets				
Restricted Assets				
Noncurrent portion of loan receivable	-	1,576,028	1,576,028	-
Capital Assets				
Land	22,291	-	22,291	-
Construction in progress	1,350	-	1,350	-
Property and equipment	18,962,624	10,428,802	29,391,426	-
Accumulated depreciation	(6,572,684)	(4,792,618)	(11,365,302)	-
Total Noncurrent Assets	<u>12,413,581</u>	<u>7,212,212</u>	<u>19,625,793</u>	<u>-</u>
Total Assets	<u>14,469,547</u>	<u>9,750,056</u>	<u>24,219,603</u>	<u>181,885</u>
DEFERRED OUTFLOWS OF RESOURCES				
Refunding loss	29,994	-	29,994	-
Deferred outflow related to pensions	146,261	72,438	218,699	-
Total Deferred Outflows of Resources	<u>176,255</u>	<u>72,438</u>	<u>248,693</u>	<u>-</u>

	Business-type Activities - Enterprise Funds			Governmental
				Activities - Internal
	Water Utility	Sewer Utility	Totals	Service Fund
				Dental Insurance
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 48,885	\$ 168,008	\$ 216,893	\$ 4,443
Accrued interest	13,093	326	13,419	-
Current portion of general obligation debt	185,000	5,000	190,000	-
Compensated absences	20,824	8,026	28,850	-
Liabilities Payable from Restricted Assets				
Accrued interest	-	8,554	8,554	-
Current portion of revenue bonds	-	290,355	290,355	-
Total Current Liabilities	<u>267,802</u>	<u>480,269</u>	<u>748,071</u>	<u>4,443</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	2,111,634	55,000	2,166,634	-
Compensated absences	35,889	17,137	53,026	-
Net pension liability	18,587	8,101	26,688	-
Liabilities Payable from Restricted Assets				
Revenue bonds	-	1,576,028	1,576,028	-
Total Noncurrent Liabilities	<u>2,166,110</u>	<u>1,656,266</u>	<u>3,822,376</u>	<u>-</u>
Total Liabilities	<u>2,433,912</u>	<u>2,136,535</u>	<u>4,570,447</u>	<u>4,443</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pensions	<u>59,956</u>	<u>29,461</u>	<u>89,417</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>59,956</u>	<u>29,461</u>	<u>89,417</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	10,146,941	5,576,184	15,723,125	-
Unrestricted net position	<u>2,004,993</u>	<u>2,080,314</u>	<u>4,085,307</u>	<u>177,442</u>
TOTAL NET POSITION	<u>\$ 12,151,934</u>	<u>\$ 7,656,498</u>	<u>\$ 19,808,432</u>	<u>\$ 177,442</u>

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VILLAGE OF HARTLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
OPERATING REVENUES				
Public charges for services	\$ 1,768,412	\$ 1,689,808	\$ 3,458,220	\$ -
Miscellaneous revenues	39,444	7,813	47,257	56,060
Total Operating Revenues	<u>1,807,856</u>	<u>1,697,621</u>	<u>3,505,477</u>	<u>56,060</u>
OPERATING EXPENSES				
Current				
Operation and maintenance	737,398	1,262,125	1,999,523	53,173
Depreciation expense	457,674	289,145	746,819	-
Taxes	24,918	-	24,918	-
Total Operating Expenses	<u>1,219,990</u>	<u>1,551,270</u>	<u>2,771,260</u>	<u>53,173</u>
Operating Income	<u>587,866</u>	<u>146,351</u>	<u>734,217</u>	<u>2,887</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	13,413	69,263	82,676	1,449
Interest expense	(55,502)	(55,296)	(110,798)	-
Amortization	3,589	-	3,589	-
Total Nonoperating Revenues (Expenses)	<u>(38,500)</u>	<u>13,967</u>	<u>(24,533)</u>	<u>1,449</u>
Income Before Transfers and Capital Contributions	<u>549,366</u>	<u>160,318</u>	<u>709,684</u>	<u>4,336</u>
TRANSFERS AND CONTRIBUTIONS				
Capital contributions	348,228	610,620	958,848	-
Transfers out	(225,330)	(6,952)	(232,282)	-
Total Transfers and Contributions	<u>122,898</u>	<u>603,668</u>	<u>726,566</u>	<u>-</u>
Change in Net Position	672,264	763,986	1,436,250	4,336
NET POSITION - Beginning of Year	<u>11,479,670</u>	<u>6,892,512</u>	<u>18,372,182</u>	<u>173,106</u>
NET POSITION - END OF YEAR	<u>\$ 12,151,934</u>	<u>\$ 7,656,498</u>	<u>\$ 19,808,432</u>	<u>\$ 177,442</u>

VILLAGE OF HARTLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,682,036	\$ 1,639,289	\$ 3,321,325	\$ 56,060
Payments to vendors	(311,323)	(1,142,294)	(1,453,617)	-
Payments to employees	(354,122)	(123,591)	(477,713)	(53,257)
Payments to other funds	(28,450)	(19,711)	(48,161)	-
Net Cash Flows From Operating Activities	<u>988,141</u>	<u>353,693</u>	<u>1,341,834</u>	<u>2,803</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>13,413</u>	<u>15,347</u>	<u>28,760</u>	<u>1,449</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	<u>(225,330)</u>	<u>(6,952)</u>	<u>(232,282)</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(225,330)</u>	<u>(6,952)</u>	<u>(232,282)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	(190,000)	(5,000)	(195,000)	-
Interest paid	(53,139)	(1,405)	(54,544)	-
Acquisition and construction of capital assets	(443,387)	(397,172)	(840,559)	-
Sale of capital assets	2,154	61,003	63,157	-
Payment of DeI-Hart deposits	<u>-</u>	<u>(221,289)</u>	<u>(221,289)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(684,372)</u>	<u>(563,863)</u>	<u>(1,248,235)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	91,852	(201,775)	(109,923)	4,252
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,514,832</u>	<u>2,042,543</u>	<u>3,557,375</u>	<u>177,633</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,606,684</u>	<u>\$ 1,840,768</u>	<u>\$ 3,447,452</u>	<u>\$ 181,885</u>

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
	RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 587,866	\$ 146,351	\$ 734,217	\$ 2,887
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	457,674	289,145	746,819	-
Depreciation charged to other funds	26,929	(26,929)	-	-
Amortization	(3,589)	-	(3,589)	-
Changes in assets, deferred outflows, liabilities and deferred inflows				
Accounts receivable	(125,820)	(58,332)	(184,152)	-
Inventory	1,882	-	1,882	-
Pension related amounts	25,285	9,162	34,447	-
Accounts payable	22,124	(4,632)	17,492	(84)
Compensated absences	(4,210)	(1,072)	(5,282)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 988,141	\$ 353,693	\$ 1,341,834	\$ 2,803
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Del-Hart loan payable/receivable	\$ -	\$ 282,584		\$ -
Interest expense on Del-Hart loan payable	\$ -	\$ 55,211		\$ -
Interest earned on Del-Hart loan receivable	\$ -	\$ 55,211		\$ -
Capital assets contributed	\$ 348,228	\$ 610,620		\$ -

VILLAGE OF HARTLAND

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2017

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 10,815,180
Receivables	
Taxes	<u>3,930,684</u>
TOTAL ASSETS	<u>\$ 14,745,864</u>
LIABILITIES	
Due to other governments	<u>\$ 14,745,864</u>

VILLAGE OF HARTLAND

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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Hartland ("Village"), Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Village of Hartland. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Hartland Business Improvement District

The government-wide financial statements include the Hartland Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the Village board. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the BID, and also create a potential financial benefit to or burden on the Village. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. The BID does not issue separate financial statements.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Village are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or non-major funds within the governmental and proprietary fund statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village's management believes is particularly important to financial statement users may be reported as a major fund.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

- General Fund – accounts for the Village's primary operating activities. It is used to account for and report all financial resources not accounted for and reported in another fund.
- Special Revenue Fund – TIF Fund #4 – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of TIF related costs.
- Special Revenue Fund – TIF Fund #5 – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of TIF related costs.
- Special Revenue Fund – TIF Fund #6 – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of TIF related costs.
- Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest and related costs.
- Capital Projects Fund – Village Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for long-term borrowing and other resources to be used for capital improvement projects.
- Capital Projects Fund – Corporate Reserve Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for major capital equipment.

The Village reports the following major proprietary funds:

- Water Utility – accounts for operations of the water system.
- Sewer Utility – accounts for operations of the sanitary sewer system.

The Village reports the following non-major governmental funds:

- Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than major capital projects).
 - Refuse and Garbage Collection
 - Special Library
 - Major Incident Task Force
 - Impact Fees
 - Criminal Investigation Task Force

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Developers

In addition, the Village reports the following fund types:

Internal Service Fund - used to account for the financing of goods and services provided by one department to other departments of the Village, or to other governmental units, on a cost-reimbursement basis.

Dental Insurance Fund

Agency Fund - used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's Water and Sewer Utilities and the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are 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. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, license, permit and inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility and Sewer Utility are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Village funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, drainage district, technical college district, city, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The Village has adopted an investment policy. The policy addresses credit risk by limiting investments to savings accounts, checking accounts, Wisconsin local government investment pool, certificates of deposit and any other investment authorized by Wisconsin State Statutes and by ensuring funds are insured or fully collateralized. The policy addresses interest rate risk by investing operating funds in shorter term securities, money market mutual funds, repurchase and sweep agreements or similar investment pools and keeping maturities of investments under 5 years and structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. The policy addresses custodial credit risk by ensuring funds are insured or fully collateralized. The Village is in compliance with their policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances. The difference between the bank statement balance and the carrying balance is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these financial statements.

See Note III.A. for further information.

2. Receivables

Property taxes are levied in November on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities – agency fund.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar – 2017 tax roll:

Lien date and levy date	November 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax Sale – 2017 delinquent real estate taxes	October 2020

Accounts receivable have been shown net of an allowance for uncollectible accounts of \$140,060 for ambulance billing. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable of the Water and Sewer Utilities has been made in the accompanying enterprise fund financial statements because those funds have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

In the governmental fund financial statements, advances to other funds are offset equally by a non-spendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for operation and maintenance work. They are not for resale. They are valued at cost based on first in – first out method, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements, are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to capital asset accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from capital asset accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Building Improvements	20-40 Years
Machinery and Equipment	1-15 Years
Utility System	15-90 Years
Infrastructure	20-50 Years
Intangibles	5-20 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

7. Compensated Absences

Vacation time is cumulative from year to year to a maximum of 24 days. Sick leave benefits are cumulative up to a maximum of 150 days. There are no provisions for payment of accumulated sick leave benefit if employment is terminated. At retirement, a percentage of accumulated sick leave will be converted to health insurance benefits based on the employee's classification.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental fund financial statements, the cost of vacation and sick leave is recognized when payments are made to employees and liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts "plus any premiums" are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$1.94 million, made up of one issue.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. *Restricted net position*– Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position*– All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balance is displayed as follows:

- a. **Nonspendable** – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** – Consists of fund balances with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. **Committed** – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village that originally created the commitment.
- d. **Assigned** – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Finance Director and Village Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

See Note III.H. for further information.

The Village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of at least 25% of total general fund annual revenues. The balance at year end was \$2,575,925 or 35.2%, and is included in unassigned general fund fund balance.

11. Basis for Existing Rates – Proprietary Funds

Water Utility

Rates for the water utility were established by the Wisconsin Public Service Commission. The rates for 2017 were effective December 16, 2016 due to a full rate case study.

Sewer Utility

The sewer utility revenues are based on rates established by the Village Board. The 2017 rates were effective December 16, 2016. Effective December 16, 2017 the sewer rates were increased 5.0% as part of the annual budget process.

12. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, certain special revenue funds, debt service and certain capital project funds. Budgets have not been formally adopted for the special library and developers funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service Fund	\$ 1,224,184	\$ 1,270,617	\$ 46,433
Capital Projects Funds			
Village Projects	1,451,054	1,556,233	105,179
Corporate Reserve	311,195	1,311,440	1,000,245
Special Revenue Funds			
TIF #4	317	1,505	1,188
TIF #5	317	908	591
Criminal Investigation Task Force	36,000	42,698	6,698
Major Incident Task Force	1,300	2,904	1,604

The Village controls expenditures at the fund level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

The Special Revenue - TIF #4 fund has a deficit balance of \$623,355, Special Revenue - TIF #5 fund has a deficit balance of \$58,263, Special Revenue - TIF #6 fund has a deficit balance of \$829,418 and Capital Projects – Developers Fund has a deficit balance of \$13,917 at December 31, 2017. These deficits are anticipated to be funded by future tax increment revenues and developer reimbursements.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Village's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 27,886,967	\$ 28,458,973	Custodial Credit
LGIP	303,548	303,548	Credit
Petty cash	550	-	Not Applicable
Total Cash and Investments	<u>\$ 28,191,065</u>	<u>\$ 28,762,521</u>	

Reconciliation to financial statements:

Per statement of net position			
Unrestricted cash and investments	\$ 17,337,272		
Component unit cash and investments	38,613		
Per statement of assets and liabilities –			
Agency Funds	10,815,180		
Total Cash and Investments	<u>\$ 28,191,065</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Village maintains collateral agreements with its banks. At December 31, 2017, the banks had pledged various government securities in the amount of \$24,739,697 to secure the Village's deposits. The remaining balance of approximately \$4 million is insured through the FDIC.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

As of December 31, 2017, \$24,739,697 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution	<u>\$ 24,739,697</u>
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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2017, the Village's investments held in the Local Government Investment Pool were not rated.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year, except for delinquent personal property taxes of \$3,048 and loans of \$254,600.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable and unearned revenue* reported in the governmental funds were as follows:

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

	Unearned	Unavailable	Total
Property taxes receivable for subsequent year	\$ 5,904,446	\$ -	\$ 5,904,446
TIF Loans receivable not yet due	-	286,406	286,406
Chimney Swift Loan receivable for subsequent year	11,605	-	11,605
Charges for service - refuse and garbage collection	395,850	-	395,850
 Total Unearned/Unavailable Revenue for Governmental Funds	\$ 6,311,901	\$ 286,406	\$ 6,598,307
 Unearned revenue included in deferred inflows	\$ 6,311,901		
Unavailable revenue included in deferred inflows	286,406		
 Total Unearned/Unavailable Revenue for Governmental Funds	\$ 6,598,307		

The TIF loans receivable of \$202,751 in TIF #4 and \$83,655 in TIF #5 for a total of \$286,406 consist of development loans to be payable from future tax increment revenue from the TIF #4 and TIF #5 fund. If there is not sufficient tax increment revenue generated in a given year, loan payments are required to be paid by the developers involved.

Currently, the sewer utility has a loan receivable due from the Delafield-Hartland Water Pollution Control Commission (DHWPC) in relation to the issuance of Clean Water Fund Revenue Bonds in 2005. The loan receivable balance at December 31, 2017 is \$1,866,383. See Note III.F. for additional information on the corresponding debt.

C. RESTRICTED ASSETS

Accrued Interest

Restricted assets have been reported for accrued interest for payment of a loan.

Loans Receivable

Restricted assets have been reported for loans receivable for payment of a loan.

Total restricted assets as of as of December 31, 2017 is \$1,874,937.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 612,637	\$ -	\$ -	\$ 612,637
Construction in progress	6,734	8,570	6,734	8,570
Total Capital Assets Not Being Depreciated/Amortized	619,371	8,570	6,734	621,207
Capital assets being depreciated/amortized				
Buildings	7,622,855	-	-	7,622,855
Machinery and equipment	5,707,298	1,348,938	284,762	6,771,474
Intangibles	152,363	-	-	152,363
Roads	16,010,228	1,323,949	350,485	16,983,692
Other infrastructure	3,170,002	267,979	-	3,437,981
Storm sewers	8,864,010	382,422	-	9,246,432
Street lighting	341,143	22,800	-	363,943
Total Capital Assets Being Depreciated/Amortized	41,867,899	3,346,088	635,247	44,578,740
Less: Accumulated depreciation/amortization for				
Buildings	(3,044,802)	(196,412)	-	(3,241,214)
Machinery and equipment	(3,448,918)	(448,431)	(283,012)	(3,614,337)
Intangibles	(35,528)	(12,932)	-	(48,460)
Roads	(5,745,613)	(648,699)	(197,595)	(6,196,717)
Other infrastructure	(1,637,324)	(87,121)	-	(1,724,445)
Storm sewers	(2,425,080)	(152,559)	-	(2,577,639)
Street lighting	(181,649)	(17,627)	-	(199,276)
Total Accumulated Depreciation/Amortization	(16,518,914)	(1,563,781)	(480,607)	(17,602,088)
Net Capital Assets Being Depreciated/Amortized	25,348,985	1,782,307	154,640	26,976,652
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	\$ 25,968,356	\$ 1,790,877	\$ 161,374	\$ 27,597,859

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 91,057
Police	92,385
Fire and ambulance	151,518
Public works, which includes the depreciation of roads, storm sewers and street lighting	1,074,106
Library	93,684
Parks and recreation	<u>61,031</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,563,781</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 22,291	\$ -	\$ -	\$ 22,291
Construction in progress	<u>3,521</u>	<u>1,350</u>	<u>3,521</u>	<u>1,350</u>
Total Capital Assets Not Being Depreciated	<u>25,812</u>	<u>1,350</u>	<u>3,521</u>	<u>23,641</u>
Capital assets being depreciated				
Buildings and improvements	868,743	-	-	868,743
Machinery and equipment	1,318,672	413,722	182,435	1,549,959
Water distribution system	16,613,508	777,235	206,286	17,184,457
Sewer collection system	<u>9,177,647</u>	<u>610,620</u>	<u>-</u>	<u>9,788,267</u>
Total Capital Assets Being Depreciated	<u>27,978,570</u>	<u>1,801,577</u>	<u>388,721</u>	<u>29,391,426</u>
Less: Accumulated depreciation for				
Buildings and improvements	(328,996)	(26,361)	-	(355,357)
Machinery and equipment	(1,423,886)	(146,473)	(121,433)	(1,448,926)
Water distribution system	(4,784,273)	(342,219)	(204,132)	(4,922,360)
Sewer collection system	<u>(4,406,893)</u>	<u>(231,766)</u>	<u>-</u>	<u>(4,638,659)</u>
Total Accumulated Depreciation	<u>(10,944,048)</u>	<u>(746,819)</u>	<u>(325,565)</u>	<u>(11,365,302)</u>
Net Capital Assets Being Depreciated	<u>17,034,522</u>	<u>1,054,758</u>	<u>63,156</u>	<u>18,026,124</u>
Business-type Activities				
Capital Assets, Net of Depreciation	<u>\$ 17,060,334</u>	<u>\$ 1,056,108</u>	<u>\$ 66,677</u>	<u>\$ 18,049,765</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water		\$ 457,674
Sewer		<u>289,145</u>
Total Business-Type Activities		
Depreciation Expense		<u>\$ 746,819</u>

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Special Revenue - TIF #4	\$ 623,355	\$ 623,355
General Fund	Special Revenue - TIF #5	58,263	58,263
General Fund	Special Revenue - TIF #6	829,418	829,418
General Fund	Capital Projects - Developer	<u>11,794</u>	<u>11,794</u>
Subtotal - Fund financial statements		1,522,830	
Less: Fund eliminations		<u>(1,522,830)</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>	

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Enterprise Fund - Water Utility	\$ 225,330	Payment of tax equivalent.
General Fund	Enterprise Fund - Sewer Utility	6,952	Payment of tax equivalent.
Capital Projects Fund Corporate Reserve	General Fund	552,725	Provide financing for the purchase of equipment
Capital Projects Fund Village Projects	Debt Service Fund	2,309	Financing requirement of 2017 General Obligation Bond issued
Debt Service Fund	Capital Projects Fund Village Projects	130,687	Financing requirement of 2017 General Obligation Bond issued
Subtotal - Fund financial statements		918,003	
Less: Fund eliminations		<u>(685,721)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 232,282</u>	
<u>Entity Transferred To</u>	<u>Entity Transferred From</u>		
Governmental Activities	Business-Type Activities	<u>\$ 232,282</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within governmental or business type activities are netted and eliminated.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 13,184,123	\$ 6,120,000	\$ 844,854	\$ 18,459,269	\$ 3,119,854
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	<u>321,019</u>	<u>303,744</u>	<u>19,822</u>	<u>604,941</u>	<u>35,009</u>
Sub-total	<u>13,505,142</u>	<u>6,423,744</u>	<u>864,676</u>	<u>19,064,210</u>	<u>3,154,863</u>
Other Liabilities					
Net pension liability	395,210	-	192,847	202,363	-
Compensated absences	<u>389,976</u>	<u>445,154</u>	<u>351,854</u>	<u>483,276</u>	<u>214,358</u>
Sub-total	<u>785,186</u>	<u>445,154</u>	<u>544,701</u>	<u>685,639</u>	<u>214,358</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 14,290,328</u>	<u>\$ 6,868,898</u>	<u>\$ 1,409,377</u>	<u>\$ 19,749,849</u>	<u>\$ 3,369,221</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,470,000	\$ -	\$ 195,000	\$ 2,275,000	\$ 190,000
Revenue Bonds Payable	2,148,967	-	282,584	1,866,383	290,355
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	<u>89,508</u>	<u>-</u>	<u>7,874</u>	<u>81,634</u>	<u>7,874</u>
Sub-total	<u>4,708,475</u>	<u>-</u>	<u>485,458</u>	<u>4,223,017</u>	<u>488,229</u>
Other Liabilities					
Net pension liability	55,072	-	28,384	26,688	-
Compensated absences	<u>87,158</u>	<u>67,335</u>	<u>72,617</u>	<u>81,876</u>	<u>28,850</u>
Sub-total	<u>142,230</u>	<u>67,335</u>	<u>101,001</u>	<u>108,564</u>	<u>28,850</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 4,850,705</u>	<u>\$ 67,335</u>	<u>\$ 586,459</u>	<u>\$ 4,331,581</u>	<u>\$ 517,079</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2017, was \$64,448,405. Total general obligation debt outstanding at year end was \$20,734,269.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2017</u>
<u>Governmental Activities</u>					
General Obligation Bonds					
2009	2/3/09	2/1/29	2.0-4.12%	\$ 3,125,000	\$ 2,350,000
2012	11/14/12	10/1/32	2.0-3.0	3,780,000	3,160,000
2013	12/05/13	6/1/30	2.5-3.3	4,935,000	4,420,000
2014	11/10/14	2/15/22	-	38,831	24,269
2015	11/03/15	10/1/35	2.5-3.0	2,460,000	2,385,000
2017	8/1/17	8/1/27	1.75	700,000	700,000
2017	12/5/17	11/1/37	3.0-3.25	5,420,000	<u>5,420,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 18,459,269</u>
<u>Business-type Activities</u>					
General Obligation Bonds					
2012	11/14/12	10/1/31	2.0-3.0%	\$ 2,300,000	\$ 1,820,000
2015	11/03/15	10/1/31	2.5-3.0	515,000	<u>455,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,275,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>			<u>Business-type Activities General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,119,854	\$ 478,567	\$ 3,598,421	\$ 190,000	\$ 53,676	\$ 243,676
2019	1,054,854	430,299	1,485,153	185,000	49,326	234,326
2020	1,074,854	402,135	1,476,989	195,000	45,126	240,126
2021	1,164,854	370,115	1,534,969	200,000	39,276	239,276
2022	1,124,853	336,473	1,461,326	205,000	33,276	238,276
2023-2027	5,535,000	1,239,356	6,774,356	850,000	97,082	947,082
2028-2032	3,890,000	512,775	4,402,775	450,000	25,446	475,446
2033-2037	<u>1,495,000</u>	<u>122,100</u>	<u>1,617,100</u>	-	-	-
Totals	<u>\$ 18,459,269</u>	<u>\$ 3,891,820</u>	<u>\$ 22,351,089</u>	<u>\$ 2,275,000</u>	<u>\$ 343,208</u>	<u>\$ 2,618,208</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Current Refunding

On December 5, 2017, the Village issued \$5,420,000 in general obligation bonds with an average coupon rate of 3.05%, of which \$2,020,000 will be used to refund \$2,200,000 of outstanding general obligation debt with an average coupon rate of 3%. The net proceeds along with existing funds of the Village will be used to prepay the outstanding debt in February of 2018.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,944,722 from 2018 through 2029. The cash flow requirements on the refunding bonds are \$2,732,551 from 2017 through 2029. The current refunding resulted in an economic savings of \$202,961.

Revenue Bond Debt

The Village has issued Clean Water Fund Revenue Bonds in the amount of \$5,000,000 for expansion and upgrade of the sewerage treatment facility owned and operated by the Delafield-Hartland Water Pollution Control Commission (DHWPC). The proceeds of the bonds have been loaned to the DHWPCC. The loan receivable between the Village and DHWPCC is equal to the related debt service requirements. The total principal and interest remaining to be paid on the bonds is \$2,024,419. Principal and interest paid on the debt during the year was \$337,795.

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2017</u>
Revenue Bonds					
2003	6/11/03	5/1/23	2.75%	\$ 5,000,000	<u>\$ 1,866,383</u>

Principal and interest to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u>		
	<u>Revenue Bond Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 290,355	\$ 47,333	\$ 337,688
2019	298,338	39,239	337,577
2020	306,544	30,921	337,465
2021	314,974	22,376	337,350
2022	323,635	13,595	337,230
2023	<u>332,537</u>	<u>4,572</u>	<u>337,109</u>
Totals	<u>\$ 1,866,383</u>	<u>\$ 158,036</u>	<u>\$ 2,024,419</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

OTHER DEBT INFORMATION

Estimated payments of compensated absences and pension liabilities are not included in the debt service requirement schedules. The compensated absences and pension liabilities attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

G. LEASE DISCLOSURES

The Village has no material leases as lessee or lessor.

H. NET POSITION/FUND BALANCES (DEFICITS)

Net position reported on the government wide statement of net position at December 31, 2017 includes the following:

Governmental Activities

Table with 2 columns: Description and Amount. Rows include Net Investment in Capital Assets (Land, Construction in progress, Capital assets, net of accumulated depreciation/amortization, Less: capital related long-term debt outstanding, Plus: unspent capital related debt proceeds, Plus: unamortized loss on refunding, Less: unamortized premium/discount, Total Net Investment in Capital Assets), Restricted for (Library, Impact fees, EMS Act 102, Debt Service, Total Restricted), Unrestricted, and Total Governmental Activities Net Position.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (DEFICITS) (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

Nonspendable	
Major Fund	
General Fund	
Non-current receivables	\$ 1,525,878
Prepaid items	<u>1,407</u>
Total	<u>\$ 1,527,285</u>
Restricted	
Major Funds	
General Fund	
EMS Act 102	<u>\$ 14,806</u>
Debt Service Fund	<u>\$ 2,391,808</u>
Capital Projects Fund - Village Projects - Unspent bond proceeds	<u>\$ 3,610,426</u>
Non-Major Funds	
Special Revenue Funds	
Special Library Fund	<u>\$ 72,947</u>
Impact Fees Fund	<u>\$ 342,129</u>
Committed	
Non-Major Funds	
Special Revenue Funds	
Refuse and Garbage Collection Fund	<u>\$ 102,238</u>
Criminal Investigation Task Force Fund	<u>\$ 29,910</u>
Major Incident Task Force Fund	<u>\$ 668</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (DEFICITS) (cont.)

Governmental Funds (cont.)

Assigned

Major Funds

General Fund

Future asset purchases	\$	518,080
Future assessment		171,200
Comprehensive planning		74,622
GIS system		22,421
Veterans memorial		1,396
Employee benefits		483,276
Recreation and celebrations		25,640
Municipal donations		5,361
Fine arts		6,321
Heritage Grant		100
Police armored vest		2,494
Cemetery perpetual care		74,877
Subdivision trees		22,509
Asset forfeiture		1,641
Ambulance donations		<u>76,307</u>

Total \$ 1,486,245

Capital Projects Funds

Village Projects

Boardwalk	\$	149,031
Future development		916,564
Community center development		50,000
Library development		50,843
Future road projects		70,720
Fees in lieu of dedication		<u>56,183</u>

Total \$ 1,293,341

Corporate Reserve \$ 1,384,532

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unassigned (Deficit)	
Major Funds	
General Fund	\$ <u>2,575,925</u>
Special Revenue Funds	
TIF #4	\$ <u>(623,355)</u>
TIF #5	\$ <u>(58,263)</u>
TIF #6	\$ <u>(829,418)</u>
Non Major Fund	
Capital Projects Funds	
Developer	\$ <u>(13,917)</u>
Total Governmental Fund Balances (Deficits)	\$ <u>13,307,307</u>

Business-Type Activities

Net Investment in Capital Assets	
Land	\$ 22,291
Construction in progress	1,350
Other Capital assets, net of accumulated depreciation	18,026,124
Less: Capital related long-term debt outstanding	(2,275,000)
Add: unamortized loss on refunding	29,994
Less: unamortized premium	<u>(81,634)</u>
Total Net Investment in Capital Assets	<u>15,723,125</u>
Unrestricted	<u>4,085,307</u>
Total Net Position	\$ <u>19,808,432</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNIT

This report contains the Hartland Business Improvement District (BID), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to the financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The BID follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the BID's deposits was \$38,613 and is part of the Village's commingled cash. See Note III.A.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-Retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$273,956 in contributions from the Village.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (executives and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.8%

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Village reported a liability of \$229,051 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was .02778943% which was an increase of .00007938% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$593,270.

At December 31, 2017, the Village reported deferred outflows of resources related to pensions and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Summary of deferred outflows and inflows		
Differences between projected and actual experiences	\$ 87,338	\$ 720,347
Changes of actuarial assumptions	239,482	-
Net differences between projected and actual earnings on pension plan investments	1,140,145	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,967	-
Employer contributions subsequent to the measurement date	288,348	-
Totals	\$ 1,771,280	\$ 720,347

\$288,348 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 538,676	\$ 229,981
2019	538,676	229,981
2020	441,564	229,981
2021	(36,446)	30,404
2022	462	-

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2015
Measurement date of net pension liability	December 31, 2016
Actuarial cost method	Entry age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post Retirement adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension asset for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 3,013,316	\$ 229,051	\$ (1,914,959)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2017, the Village reported a payable to the pension plan of \$61,974, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The Village purchases commercial insurance to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees. However, risks related to dental care of its employees are accounted for and financed by the Village in an internal service fund.

Self Insurance

For dental claims, the uninsured risk of loss is \$1,500 per incident and \$1,500 in aggregate for a policy year. All funds of the Village participate in the risk management program. Amounts payable to the internal service fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses.

All funds of the Village participate in the risk management programs. Amounts payable to the Dental fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$177,442 was assigned for that reserve at year end, and is included in unreserved net position of the internal service fund.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The Village does not allocate overhead costs or other non-incremental costs to the claims liability.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 1,713	\$ 4,527
Current year claims and changes in estimates	53,189	50,512
Claim payments	<u>(50,375)</u>	<u>(50,596)</u>
 Unpaid Claims – End of Year	 <u>\$ 4,527</u>	 <u>\$ 4,443</u>

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the Village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

D. MUNICIPAL REVENUE OBLIGATIONS

In 2016, the Village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation is \$1.222 million, and is payable to the developer solely from tax increments collected from a specific development in TIF #6.

The obligation has no established repayment terms. The obligation matures upon the earlier of 2034 or payment in full of the municipal revenue obligation. In no case, shall the term of this obligation and the Village's obligation to make payments, extend beyond 2034, nor shall the amount of principal to be paid under the obligation exceed \$1.222 million.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

D. MUNICIPAL REVENUE OBLIGATION (CONT.)

The obligation does not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the Village. Since the amount of future payments is contingent on the collection of future tax increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end is \$1.222 million.

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

When they become effective, application of these standards may restate portions of these financial statements.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

F. JOINT VENTURES

Delafield-Hartland Water Pollution Control Commission

The Delafield-Hartland Water Pollution Control Commission (Commission) was created for the purpose of providing sewage collection, treatment and distribution services. The Commission was created in 1971 by ordinances adopted by the City of Delafield and the Village of Hartland. Each municipality appoints 4 members to the commission. The Commission issued sewer revenue bonds in September 1978 (refinanced in 1992) for the purpose of constructing wastewater treatment facilities. The Commission issues separate financial statements and copies can be obtained by writing to them.

The Commission has entered into service contracts with the City of Delafield and the Villages of Hartland and Nashotah to treat wastewater. The contract requires monthly user charges based on the number of Domestic User Equivalent (DUE's) connected to the system. The municipalities are also required to pay connection charges for new customers added to the system. The Village of Hartland sewer utility accrued \$848,784 in user charges for the year ended December 31, 2017. As of December 31, 2017, the Village has a liability accrued of \$138,848 for connection fees. See Note III.F. regarding Village debt obligations related to the Commission.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HARTLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON - GAAP) GENERAL FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 4,258,660	\$ 4,269,286	\$ 10,626
Intergovernmental	1,302,814	1,362,778	59,964
Licenses and permits	233,500	378,230	144,730
Fines, forfeitures and penalties	68,600	75,071	6,471
Public charges for services	654,300	780,453	126,153
Interdepartmental revenue	54,000	48,161	(5,839)
Investment income	30,000	52,613	22,613
Miscellaneous revenues	459,000	110,928	(348,072)
Total Revenues	7,060,874	7,077,520	16,646
EXPENDITURES			
Current			
General government	993,790	829,718	164,072
Police	2,320,975	2,342,669	(21,694)
Fire protection	643,850	654,966	(11,116)
Public works	1,431,129	1,418,223	12,906
Health and human services	16,940	12,415	4,525
Library	694,150	688,429	5,721
Parks	400,070	436,256	(36,186)
Conservation and development	113,438	171,426	(57,988)
Capital Outlay	109,307	106,622	2,685
Total Expenditure	6,723,649	6,660,724	62,925
Excess of revenues over expenditures	337,225	416,796	79,571
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	500	324	(176)
Transfers in	235,000	232,282	(2,718)
Transfers out	(572,725)	(552,725)	20,000
Total Other Financing Sources (Uses)	(337,225)	(320,119)	17,106
Net Change in Fund Balances	\$ -	96,677	\$ 96,677
Adjustment to Generally Accepted Accounting Principles Basis			
Appropriations credited to designated funds		17,125	
Revenue credited to designated funds		14,266	
Expenditures charged to designated funds		(98,083)	
Net change in fund balances - GAAP		29,985	
FUND BALANCES - Beginning of Year		5,574,276	
FUND BALANCES - END OF YEAR		\$ 5,604,261	

VILLAGE OF HARTLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE - TIF #4 FUND
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 9,000	\$ 19,462	\$ 10,462
Intergovernmental	2,300	309	(1,991)
Total Revenues	<u>11,300</u>	<u>19,771</u>	<u>8,471</u>
EXPENDITURES			
Current			
General government	167	170	(3)
Conservation and development	150	1,335	(1,185)
Total Expenditures	<u>317</u>	<u>1,505</u>	<u>(1,188)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 10,983</u>	18,266	<u>\$ 7,283</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>(641,621)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ (623,355)</u>	

VILLAGE OF HARTLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL REVENUE - TIF #5 FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 22,000	\$ 17,342	\$ (4,658)
Intergovernmental	300	174	(126)
Public improvement revenues	-	2,720	2,720
Total Revenues	22,300	20,236	(2,064)
EXPENDITURES			
Current			
General government	167	170	(3)
Conservation and development	150	738	(588)
Total Expenditures	317	908	(591)
Excess of revenues over expenditures	\$ 21,983	19,328	\$ (2,655)
FUND BALANCES (DEFICIT) - Beginning of Year		(77,591)	
FUND BALANCES (DEFICIT) - END OF YEAR		\$ (58,263)	

VILLAGE OF HARTLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL REVENUE - TIF #6 FUND For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Current			
General government	167	170	(3)
Conservation and development	185,000	738	184,262
Total Expenditures	185,167	908	184,259
Excess (deficiency) of revenues over expenditures	\$ (185,167)	(908)	\$ 184,259
 Net Change in Fund Balances	 \$ (185,167)	 (908)	 \$ 184,259
FUND BALANCES (DEFICIT) - Beginning of Year		(828,510)	
 FUND BALANCES (DEFICIT) - END OF YEAR		 \$ (829,418)	

VILLAGE OF HARTLAND

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

WRS Year End Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate	Plan Fiduciary Net
				Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Position as a Percentage of Total Pension Liability
12/31/14	0.028203030%	\$ (692,744)	\$ 3,224,004	21.49%	102.74%
12/31/15	0.027710050%	450,282	3,278,242	13.74%	98.20%
12/31/16	0.027789430%	229,051	3,481,061	6.58%	99.12%

VILLAGE OF HARTLAND

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a
					Percentage of Covered Payroll
12/31/15	\$ 264,330	\$ (264,330)	\$ -	\$ 3,278,242	8.06%
12/31/16	275,377	(275,377)	-	3,481,061	7.91%
12/31/17	288,348	(288,348)	-	3,350,299	8.61%

VILLAGE OF HARTLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of and for the Year Ended December 31, 2017

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C., except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of designated funds.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Village Board action.

Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the function level of expenditure.

WISCONSIN RETIREMENT SYSTEM (WRS) PENSION

The amounts presented in relation to the schedule of employer's proportionate share of the net pension liability and the schedule of employer contributions represents the specific data of the Village. The information was derived using a combination of the employer's contribution data along with data provided by the Wisconsin Retirement System in relation to the Village as a whole.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes in assumptions. There were no changes in the assumptions.

The Village is required to present the last ten fiscal years data; however, the standards allow the Village to present as many years as are available until ten fiscal years are presented.

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S U P P L E M E N T A R Y I N F O R M A T I O N

VILLAGE OF HARTLAND

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

As of December 31, 2017

	Special Revenue Funds		
	Refuse and Garbage Collection	Special Library	Impact Fees
ASSETS			
Cash and investments	\$ 134,032	\$ 72,947	\$ 342,129
Receivables			
Taxes	395,850	-	-
TOTAL ASSETS	\$ 529,882	\$ 72,947	\$ 342,129
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 31,794	\$ -	\$ -
Due to other funds	-	-	-
Deferred inflows of resources			
Unearned revenues	395,850	-	-
Total Liabilities and Deferred Inflows of Resources	427,644	-	-
Fund Balances (Deficits)			
Restricted	-	72,947	342,129
Committed	102,238	-	-
Unassigned (Deficits)	-	-	-
Total Fund Balances (Deficits)	102,238	72,947	342,129
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 529,882	\$ 72,947	\$ 342,129

Special Revenue Funds		Capital Projects Fund	
Criminal Investigation Task Force	Major Incident Task Force	Developers	Totals
\$ 38,583	\$ 668	\$ -	\$ 588,359
-	-	-	395,850
<u>\$ 38,583</u>	<u>\$ 668</u>	<u>\$ -</u>	<u>\$ 984,209</u>
\$ 8,673	\$ -	\$ 2,123	\$ 42,590
-	-	11,794	11,794
-	-	-	395,850
<u>8,673</u>	<u>-</u>	<u>13,917</u>	<u>450,234</u>
-	-	-	415,076
29,910	668	-	132,816
-	-	(13,917)	(13,917)
<u>29,910</u>	<u>668</u>	<u>(13,917)</u>	<u>533,975</u>
<u>\$ 38,583</u>	<u>\$ 668</u>	<u>\$ -</u>	<u>\$ 984,209</u>

VILLAGE OF HARTLAND

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 For the Year Ended December 31, 2017

	Special Revenue Funds		
	Refuse and Garbage Collection	Special Library	Impact Fees
REVENUES			
Intergovernmental	\$ 18,188	\$ -	\$ -
Public charges for services	396,072	-	78,543
Public improvement revenues	-	9,426	-
Investment income	2,277	621	2,451
Total Revenues	416,537	10,047	80,994
EXPENDITURES			
Current			
Police	-	-	-
Health and human services	389,984	-	-
Library	-	16,518	-
Capital Outlay	-	-	-
Total Expenditure	389,984	16,518	-
Excess (deficiency) of revenues over expenditures	26,553	(6,471)	80,994
Net Change in Fund Balances	26,553	(6,471)	80,994
FUND BALANCES - Beginning of Year	75,685	79,418	261,135
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 102,238	\$ 72,947	\$ 342,129

Special Revenue Funds		Capital Projects Fund	
Criminal			
Investigation Task Force	Major Incident Task Force	Developers	Totals
\$ 41,313	\$ 2,940	\$ -	\$ 62,441
-	-	34,251	508,866
-	-	-	9,426
-	-	-	5,349
<u>41,313</u>	<u>2,940</u>	<u>34,251</u>	<u>586,082</u>
42,698	2,904	-	45,602
-	-	-	389,984
-	-	-	16,518
-	-	48,743	48,743
<u>42,698</u>	<u>2,904</u>	<u>48,743</u>	<u>500,847</u>
<u>(1,385)</u>	<u>36</u>	<u>(14,492)</u>	<u>85,235</u>
(1,385)	36	(14,492)	85,235
<u>31,295</u>	<u>632</u>	<u>575</u>	<u>448,740</u>
<u>\$ 29,910</u>	<u>\$ 668</u>	<u>\$ (13,917)</u>	<u>\$ 533,975</u>

VILLAGE OF HARTLAND
STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2017

	<u>Business Improvement District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to vendors	\$ (55,713)
Payments to employees	<u>(29,066)</u>
Net Cash Flows From Operating Activities	<u>(84,779)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Taxes levied	70,000
Donation	210
Contribution from municipality	<u>10,133</u>
Net Cash Flows From Noncapital Financing Activities	<u>80,343</u>
Net Change in Cash and Cash Equivalents	(4,436)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>43,049</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 38,613</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (81,176)
Changes in assets and liabilities	
Prepaid items	(4,200)
Accounts payable	<u>597</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (84,779)</u>

VILLAGE OF HARTLAND

SUMMARY OF GOVERNMENTAL ACTIVITIES LONG-TERM DEBT
As of December 31, 2017

Governmental Activities	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance Outstanding 12/31/2016	Additions	Payments	Balance Outstanding 12/31/2017	Interest Paid	Principal Due 2018
General Obligation Bonds	03/01/06	3.5-4.1%	02/1/07-25	6/1 & 12/1	\$ 2,700,000	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 1,875	\$ -
	02/03/09	2.0-4.12	02/1/10-29	2/1 & 8/1	3,125,000	2,425,000	-	75,000	2,350,000	91,038	2,350,000
	12/01/10	0.8-2.0	12/1/11-17	6/1 & 12/1	1,840,000	335,000	-	335,000	-	6,700	-
	11/14/12	2.0-3.0	10/1/13-32	4/1 & 10/1	3,780,000	3,315,000	-	155,000	3,160,000	74,034	340,000
	12/05/13	2.5-3.3	06/1/14-30	6/1 & 12/1	4,935,000	4,520,000	-	100,000	4,420,000	137,187	260,000
	11/10/14	-	2/15/15-22	2/15	38,831	29,123	-	4,854	24,269	-	4,854
	11/03/15	2.5-3.0	10/1/17-35	4/1 & 10/1	2,460,000	2,460,000	-	75,000	2,385,000	72,300	65,000
	08/01/17	1.75	8/1/18-27	2/1 & 8/1	700,000	-	700,000	-	700,000	-	70,000
	12/05/17	3.0-3.25	11/1/18-37	5/1 & 11/1	5,420,000	-	5,420,000	-	5,420,000	-	30,000
TOTAL GENERAL OBLIGATION BONDS						\$ 13,184,123	\$ 6,120,000	\$ 844,854	\$ 18,459,269	\$ 383,134	\$ 3,119,854

**ANNUAL PRINCIPAL AND INTEREST PAYMENTS
TO MATURITY ON LONG-TERM DEBT**

Year	Principal	Interest	Total	Balance Outstanding
2017				\$ 18,459,269
2018	\$ 3,119,854	\$ 478,567	\$ 3,598,421	15,339,415
2019	1,054,854	430,299	1,485,153	14,284,561
2020	1,074,854	402,135	1,476,989	13,209,707
2021	1,164,854	370,115	1,534,969	12,044,853
2022	1,124,853	336,473	1,461,326	10,920,000
2023	1,090,000	307,556	1,397,556	9,830,000
2024	1,140,000	279,322	1,419,322	8,690,000
2025	1,135,000	248,935	1,383,935	7,555,000
2026	1,085,000	217,255	1,302,255	6,470,000
2027	1,085,000	186,288	1,271,288	5,385,000
2028	1,010,000	155,321	1,165,321	4,375,000
2029	970,000	124,946	1,094,946	3,405,000
2030	865,000	95,576	960,576	2,540,000
2031	515,000	75,769	590,769	2,025,000
2032	530,000	61,162	591,162	1,495,000
2033	380,000	46,200	426,200	1,115,000
2034	375,000	34,800	409,800	740,000
2035	380,000	23,550	403,550	360,000
2036	180,000	11,700	191,700	180,000
2037	180,000	5,850	185,850	-
	\$ 18,459,269	\$ 3,891,820	\$ 22,351,089	

VILLAGE OF HARTLAND

**COMPARATIVE SCHEDULE OF TAXES AND VALUATION DATA
2013 - 2017 Tax Rolls**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
STATE TAXES	\$ 191,668	\$ 198,147	\$ 201,930	\$ 205,504	\$ -
COUNTY TAXES	2,421,651	2,427,115	2,425,107	2,412,903	2,503,714
LOCAL TAXES					
Village property taxes	5,195,250	5,221,227	5,357,668	5,465,692	5,805,720
Omitted taxes	-	-	-	-	-
Tax Increment District taxes	6,320	20,261	32,819	36,804	98,726
Total Local Taxes	<u>5,201,570</u>	<u>5,241,488</u>	<u>5,390,487</u>	<u>5,502,496</u>	<u>5,904,446</u>
SCHOOL TAXES					
Swallow School District	1,713,700	1,752,457	1,775,978	1,786,151	1,796,597
Merton Community School District	185	190	3,214	72,965	138,286
School District of Hartland - Lakeside School	5,646,939	5,894,352	5,805,802	5,381,565	4,930,278
Lake Country School District	796,067	779,966	807,610	797,802	732,889
Arrowhead Union High School District	3,950,449	4,028,523	4,072,343	4,071,296	4,171,344
Waukesha County Technical College	1,485,500	453,801	451,040	445,240	472,757
Total School Taxes	<u>13,592,840</u>	<u>12,909,289</u>	<u>12,915,987</u>	<u>12,555,019</u>	<u>12,242,151</u>
Total General Property Taxes	<u>21,407,729</u>	<u>20,776,039</u>	<u>20,933,511</u>	<u>20,675,922</u>	<u>20,650,311</u>
SPECIAL ASSESSMENTS AND SPECIAL CHARGES					
Refuse removal	468,125	389,470	389,035	393,675	395,850
BID District	70,000	70,000	70,000	70,000	72,800
Other	1,528	1,644	857	-	-
Total Special Assessments and Special Charges	<u>539,653</u>	<u>461,114</u>	<u>459,892</u>	<u>463,675</u>	<u>468,650</u>
DELINQUENT UTILITY CHARGES					
Water Utility	9,092	7,775	5,580	6,747	8,716
Sewer Fund	8,871	26,472	4,884	5,307	45,696
Total Delinquent Utility Charges	<u>17,963</u>	<u>34,247</u>	<u>10,464</u>	<u>12,054</u>	<u>54,412</u>
TOTAL TAX ROLL	\$ 21,965,345	\$ 21,271,400	\$ 21,403,867	\$ 21,151,651	\$ 21,173,373
ASSESSED VALUATION	\$ 1,178,545,500	\$ 1,165,405,100	\$ 1,172,829,300	\$ 1,191,366,660	\$ 1,220,238,000
EQUALIZED VALUATION	\$ 1,129,413,700	\$ 1,167,590,600	\$ 1,189,880,500	\$ 1,210,941,600	\$ 1,288,968,100
RATIO OF ASSESSMENT	<u>104.35%</u>	<u>99.81%</u>	<u>98.57%</u>	<u>98.38%</u>	<u>94.67%</u>