

# **VILLAGE OF HARTLAND**

Hartland, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

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# 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, 2018, 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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Board  
Village of Hartland

***Emphasis of Matter***

As discussed in Note I, the Village of Hartland adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

***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, 2018 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, 2018 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, 2018, 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, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated May 18, 2018, which contained unmodified opinions on the respective financial statements of 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, 2017 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
May 17, 2019

*Village of Hartland*  
**2018 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, 2018. 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 9,279 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 2018 by \$42,836,349 (net position). Of this amount, \$11,540,230 (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 (\$29,888,045) 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. In 2018, the Trust Fund has slightly higher assets than actuarially necessary and, therefore, the Village of Hartland is required to show a net pension asset of \$832,679. 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 \$494,127 from \$42,342,222 in 2017 to \$42,836,349 in 2018. A significant amount of this increase is attributed to GASB 75 implementation, which requires the Village to account for retiree health and life insurance benefits. The funds comprising Governmental Activities realized a \$20,752 decrease in net position. The funds comprising Business-type Activities realized a \$514,879 increase in net position. All governmental funds, major and non-major, except three (TIF #4, TIF #5 and TIF #6, which are shown individually on pages 19 and 20) had a positive fund balance.

## Village of Hartland

### 2018 Management's Discussion and Analysis (cont.)

(Unaudited)

- ❖ As of the close of 2018, the Village of Hartland's governmental fund balance, which includes all activities of the Village except the Water and Sewer Utilities, reported combined ending funding balances of \$10,037,549. This is a decrease of \$3,269,758 in comparison with the prior year's balance of \$13,307,307. The decrease was primarily due anticipated payment of the refunded bond, capital projects and economic development (TIF) activities during 2018. The 2018 and 2019 Capital Project are funded by the 2017 debt borrowing resulting in a reduction in the fund's balance. Shown on pages 19 to 24 of this report.
- ❖ Of the Village's \$10,037,549 fund balance, 33% (\$3,335,249) of the fund balance is restricted or committed by the Village or statutes to be spent for specific purposes. Another 43% (\$4,299,662) is assigned by the Village for specific purposes. An additional 16% (\$1,605,586) 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 \$797,052, 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 \$1,592,737. Shown on pages 19 and 20 of this report.
- ❖ When considered as a gross figure (not reduced by TIF #4, TIF #5 or TIF #6), the General Fund unassigned fund balance totals \$2,389,789. This is equal to 32% 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 and TIF #6, the \$797,052 in unassigned fund balance referenced above is about 11% 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 \$3,119,854 during 2018. Total general obligation debt for the business-type activities had principal payments of \$190,000. 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 55 of this report.

### 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 (2012 – 2017), 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 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).

# Village of Hartland

## 2018 Management's Discussion and Analysis (cont.)

(Unaudited)

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 account for the Major Investigations Unit (MIU) Fund. During 2018, the Village of Hartland relinquished management of the Critical Incident Team (CIT) Fund to the City of Delafield. These two entities (CIT and MIU) 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 of the MIU 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.

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.

*Village of Hartland*  
**2018 Management's Discussion and Analysis (cont.)**  
(Unaudited)

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 77 to 80.

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 76.** 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 86 to 92.** 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 net assets/net position of the Village has increased by 1.2% (\$494,127) to \$42,836,349. A majority of this difference is from the GASB 75 implementation related to accounting for certain retiree benefits.

In the case of the Village of Hartland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,836,349 at the close of 2018. By far, the largest portion of the Village of Hartland's net position (70%) 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

# Village of Hartland

## 2018 Management's Discussion and Analysis (cont.) (Unaudited)

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	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and other assets	\$ 18,245,427	\$ 20,606,527	\$ 6,374,006	\$ 6,169,838	\$ 24,619,433	\$ 26,776,365
Capital Assets	<u>27,414,087</u>	<u>27,597,859</u>	<u>17,868,773</u>	<u>18,049,765</u>	<u>45,282,860</u>	<u>45,647,624</u>
<b>TOTAL ASSETS</b>	<u>45,659,514</u>	<u>48,204,386</u>	<u>24,242,779</u>	<u>24,219,603</u>	<u>69,902,293</u>	<u>72,423,989</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflow related to pensions	1,356,809	1,552,581	173,276	218,699	1,530,085	1,771,280
Deferred outflow related to OPEB	657,888	-	112,684	-	770,572	-
Refunding loss	<u>83,534</u>	<u>95,467</u>	<u>25,709</u>	<u>29,994</u>	<u>109,243</u>	<u>125,461</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>2,098,231</u>	<u>1,648,048</u>	<u>311,669</u>	<u>248,693</u>	<u>2,409,900</u>	<u>1,896,741</u>
<b>LIABILITIES</b>						
Long-term liabilities outstanding	16,670,857	19,749,849	3,890,884	4,331,581	20,561,741	24,081,430
Current and other liabilities	<u>515,629</u>	<u>625,964</u>	<u>162,800</u>	<u>238,866</u>	<u>678,429</u>	<u>864,830</u>
<b>TOTAL LIABILITIES</b>	<u>17,186,486</u>	<u>20,375,813</u>	<u>4,053,684</u>	<u>4,570,447</u>	<u>21,240,170</u>	<u>24,946,260</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned revenue	6,579,438	6,311,901	-	-	6,579,438	6,311,901
Deferred inflows related to pensions	1,467,890	630,930	174,661	89,417	1,642,551	720,347
Deferred inflows related to OPEB	<u>10,893</u>	<u>-</u>	<u>2,792</u>	<u>-</u>	<u>13,685</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>8,058,221</u>	<u>6,942,831</u>	<u>177,453</u>	<u>89,417</u>	<u>8,235,674</u>	<u>7,032,248</u>
<b>NET POSITION</b>						
Net investment in capital assets	14,152,323	12,239,542	15,735,722	15,723,125	29,888,045	27,962,667
Restricted	1,315,458	561,330	92,616	-	1,408,074	561,330
Unrestricted	<u>7,045,257</u>	<u>9,732,918</u>	<u>4,494,973</u>	<u>4,085,307</u>	<u>11,540,230</u>	<u>13,818,225</u>
<b>TOTAL NET POSITION</b>	<u>\$ 22,513,038</u>	<u>\$ 22,533,790</u>	<u>\$ 20,323,311</u>	<u>\$ 19,808,432</u>	<u>\$ 42,836,349</u>	<u>\$ 42,342,222</u>

# Village of Hartland

## 2018 Management's Discussion and Analysis (cont.) (Unaudited)

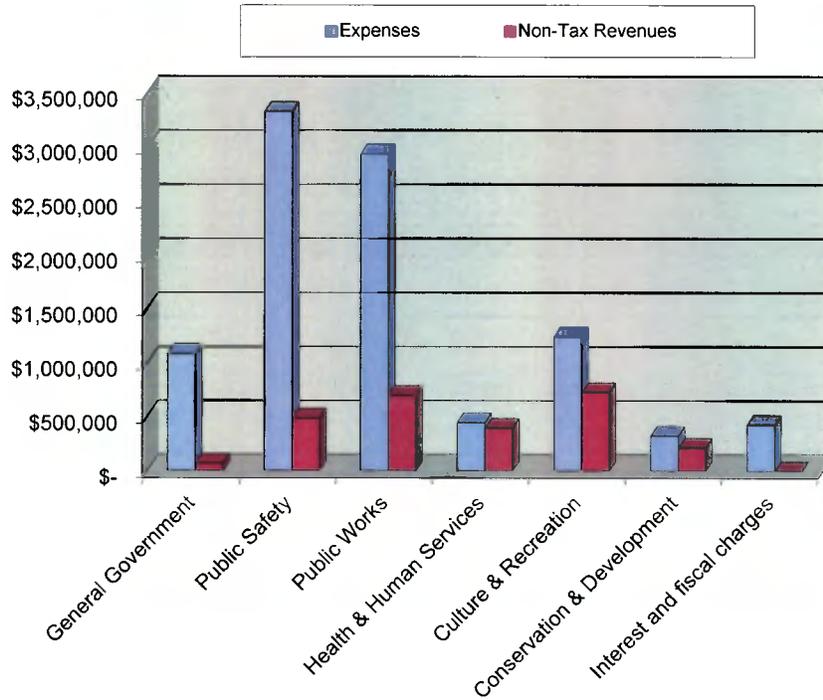
Following is a chart of the net position of the Village of Hartland. We are presenting the financial statements in this reporting model with a comparison to the prior year.

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	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenues</b>								
<i>Program Revenues</i>								
Charges for services	\$ 1,654,418	\$ 1,736,552	\$ 1,794,284	\$ 1,815,730	\$ 1,717,328	\$ 1,697,621	\$ 5,166,030	\$ 5,249,903
Operating grants and contributions	966,866	915,544	-	-	-	-	966,866	915,544
Capital grants and contributions	-	1,155,494	-	348,228	-	610,620	-	2,114,342
<i>General Revenues</i>								
Property taxes	5,872,639	5,483,079	-	-	-	-	5,872,639	5,483,079
Inter governmental revenues not restricted to specific programs	576,663	501,689	-	-	-	-	576,663	501,689
Investment income	238,521	110,274	28,814	13,413	80,556	69,263	347,891	192,950
Miscellaneous	223,443	183,222	-	-	-	-	223,443	183,222
Gain on disposal of assets	26,563	58,487	-	-	-	-	26,563	58,487
Transfers	227,996	232,282	(221,220)	(225,330)	(6,776)	(6,952)	-	-
<b>Total Revenues</b>	<u>9,787,109</u>	<u>10,376,623</u>	<u>1,601,878</u>	<u>1,952,041</u>	<u>1,791,108</u>	<u>2,370,552</u>	<u>13,180,095</u>	<u>14,699,216</u>
<b>Expenses</b>								
<i>Primary Government</i>								
General government	1,091,123	953,560	-	-	-	-	1,091,123	953,560
Public safety	3,327,326	3,624,991	-	-	-	-	3,327,326	3,624,991
Public works	2,934,600	3,123,963	-	-	-	-	2,934,600	3,123,963
Health and human services	450,016	399,191	-	-	-	-	450,016	399,191
Culture, education and recreation	1,247,837	1,300,778	-	-	-	-	1,247,837	1,300,778
Conservation and development	326,974	291,540	-	-	-	-	326,974	291,540
Interest and fiscal charges	429,985	522,762	47,719	51,913	47,282	55,296	524,986	629,971
<i>Business Type Activities</i>								
Water Utility	-	-	1,184,337	1,227,864	-	-	1,184,337	1,227,864
Sewer Utility	-	-	-	-	1,598,769	1,551,270	1,598,769	1,551,270
<b>Total Expenses</b>	<u>9,807,861</u>	<u>10,216,785</u>	<u>1,232,056</u>	<u>1,279,777</u>	<u>1,646,051</u>	<u>1,606,566</u>	<u>12,685,968</u>	<u>13,103,128</u>
<b>Change in Net Position</b>	(20,752)	159,838	369,822	672,264	145,057	763,986	494,127	1,596,088
<b>TOTAL NET POSITION - JAN 1</b>	<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>
<b>TOTAL NET POSITION - DEC 31</b>	<u>\$ 22,513,038</u>	<u>\$ 22,533,790</u>	<u>\$ 12,521,756</u>	<u>\$ 12,151,934</u>	<u>\$ 7,801,555</u>	<u>\$ 7,656,498</u>	<u>\$ 42,836,349</u>	<u>\$ 42,342,222</u>

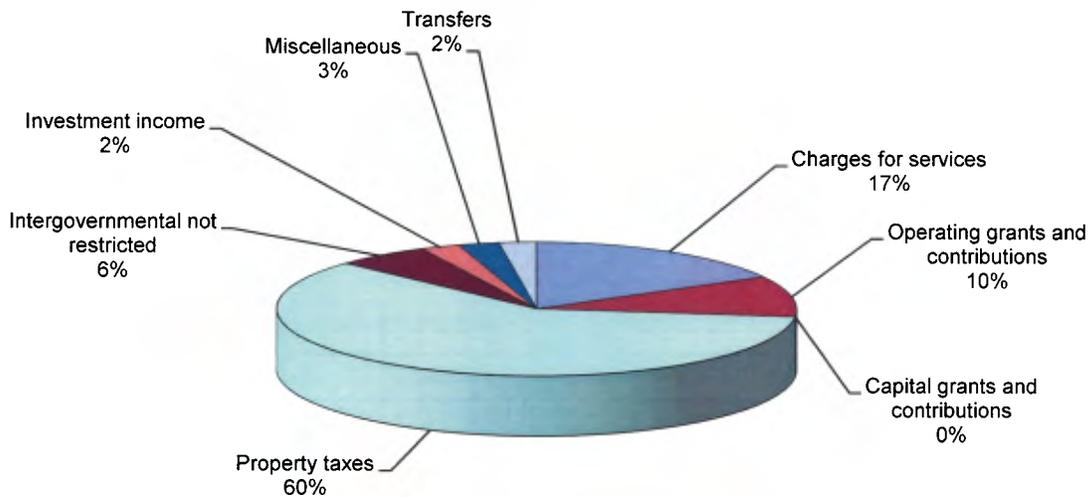
# Village of Hartland

## 2018 Management's Discussion and Analysis (cont.) (Unaudited)

### Expenses & Program Revenues - Governmental Activities



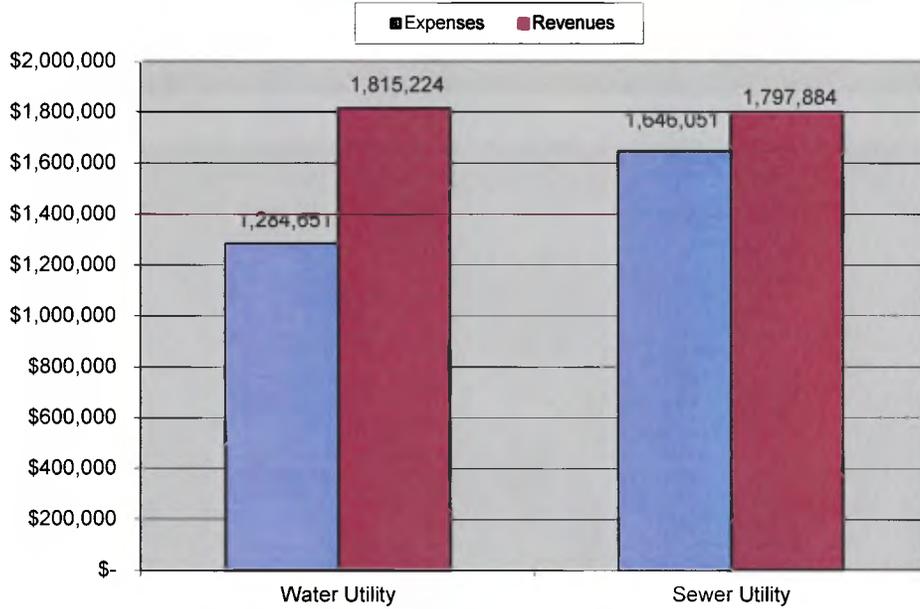
### Program & General Revenues by Source - Governmental Activities



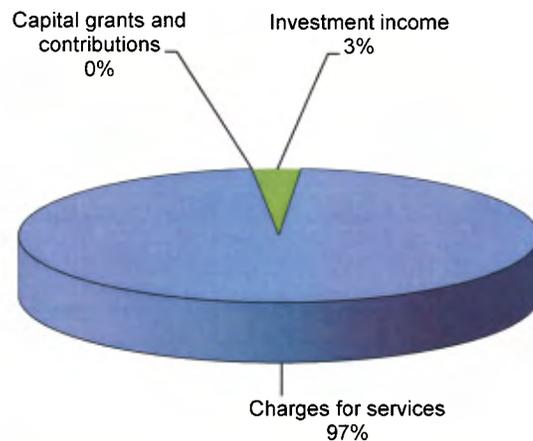
# Village of Hartland

## 2018 Management's Discussion and Analysis (cont.) (Unaudited)

### Expenses & Program Revenues - Business-Type Activities Excluding Transfers



### Revenues by Source - Business-type Activities



*Village of Hartland*  
**2018 Management's Discussion and Analysis (cont.)**  
(Unaudited)

*General Budgetary Highlights*

The general fund budget posted a deficit of revenues and other financing sources over expenditures and other financing uses of \$136,905. The Village of Hartland's 2018 operating budget received 98.12% of its budgeted revenues and spent 99.87% of its budgeted expenses. The Village anticipated using general fund cash to fund future corporate reserve purchases and current short term life capital projects.

- Grant revenue was \$91,339 more than budgeted in 2018.
- Recreation classes revenue was \$41,518 more than budgeted in 2018.
- Interest on Investments was \$57,647 more than budgeted in 2018.
- The Village had an expected use of fund balance of \$499,400 that it did not need to fully use.

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 eight instances where operating expenditures were over budget. The eight areas over budget were Village Board which was over by \$1,305 mainly due to conferences; Administration, which was over budget by \$43,231, due to an increase in legal services; Elections, which was over budget by \$1,922 due to a rental of a voting machine; Inspection, which was over budget \$2,563 due to higher volume of permits; Public Works, which was over budget \$127,723 due to higher snow and ice removal costs; Environmental Services, which was over budget \$646 due to more landscape plantings; Park, which was over budget \$16,365 due to ball field improvements; and Recreation Programs, which was over budget \$32,679 due to increased programming. The other operating accounts came in under budget to make our overall expenses approximately 0.13% 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 91% while expenses came in at 75% of budget resulting in a gain as intended. The rate for 2018 has been in effect since December 16, 2016. 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 2016 rate increase is intended to help the water utility fund and maintain the water system and infrastructure. There was no simplified rate increase during 2018. The Village will review the need for rate adjustments annually.
- Total revenues for the Sewer Utility were 97% of budget and the expenses were at 91% 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 2018, the balance available for lift station maintenance was \$323,011. 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 \$835,166 and \$47,524 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-implemented in 2013 and annually thereafter. During the 2019 budget process, the Sewer

## *Village of Hartland*

### **2018 Management's Discussion and Analysis (cont.)**

(Unaudited)

Utility rate was increased an additional 5% effective December 2018. The financial health of the Sewer Utility will continue to be evaluated on a yearly basis.

As discussed earlier, the Village's TIF District #6, show expenses (at pages 22 and 45 of this document) in excess of budget by \$131,661. TIF District #6 is now yielding tax revenue so but the expenses were still higher in 2018 increasing the deficit by \$124,235. TIF District #4 and #5 are showing offsetting revenue (Property Taxes) and the deficits in those districts are reducing. 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. TIF #5 and TIF #6 will have minimal expenditures for the remainder of their lives.

The interest rates during 2018 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 \$8,246,655 and an ending interest rate of 1.56%. The Village has \$13,242,220 in the Local Government Investment Pool earning 2.37% 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 six-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 Cypress Ct. Bristlecone Dr., Blue Spruce Cir., Juniper Way, Arlene Dr., Greystone Blvd., and Cardinal Lane streets in the amount of \$1,133,723
- Nixon Ball Field Restoration for \$27,800.
- Fire Department LUCAS Auto CPR machines for \$15,249

## *Village of Hartland*

### **2018 Management's Discussion and Analysis (cont.)** (Unaudited)

- Fire Department Ambulance for \$246,943
- Police and Village Hall cameras for \$10,285
- Two Police SUV's in the amount of \$59,820.
- One Public Works truck, a Ford F350, for \$32,552.
- Fire Department Copy Machine for \$5,120

In the business type activities, the Water Utility purchased meters for \$97,060, hydrants for \$233,952, main valve replacement for \$217,045 and water lift station lock system totaling \$28,835. The Sewer Utility purchased a sewer flow meter for \$12,726.

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 2018, 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 2018, the total amount of general obligation outstanding debt was \$17,424,415, which entirely comprises general obligation bonds. This is equal to approximately 1.3% of the Village of Hartland's 2018 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 2018 equalized value of \$1,322,284,700, the Village of Hartland's allowable indebtedness is \$66,114,235 (5% of the equalized value). At the end of 2018, the Village has used 26.35% of its allowable indebtedness.

88% of the Village's overall debt is related to governmental activities. The Water Utility owes just under of 12% of the debt and the Sewer Utility owes less than 0.3% of the debt.

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, 2018 is \$1,576,028.

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

### *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

*Village of Hartland*  
**2018 Management's Discussion and Analysis (cont.)**  
(Unaudited)

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. In 2018, the Village's equalized value continued to grow and experienced an annual increase of just over 2.5% from the 2017 figure to \$1.3 billion. This continued the rebound and puts the Village's Equalized Value at about 4.5% greater than the 2008 figure. Growth in the Village's overall tax base will continue as previously-approved and newly 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 Comprehensive Plan, which was being updated in 2018 and is expected to be completed in mid-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 2018 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 but may not cover the costs it incurred to acquire land, which ultimately was used in TIF #6. 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 a 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 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 (purchased in TIF #4) in the redevelopment area. Construction was essentially complete in 2018 and the value of the property rose to more than \$11 million in property value for tax payments received in 2019. TIF #6 is expected to cover all of its commitments in the years prior to its required closure date.

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

*Village of Hartland*  
**2018 Management's Discussion and Analysis (cont.)**  
(Unaudited)

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.

### *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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
<b>ASSETS</b>				
Cash and investments	\$ 10,550,904	\$ 3,862,721	\$ 14,413,625	\$ 37,539
Receivables (net)				
Taxes	6,574,438	24,299	6,598,737	74,800
Accounts	112,573	789,140	901,713	-
Delinquent personal property taxes	5,919	-	5,919	-
Loans	254,600	-	254,600	-
Inventories and prepaid items	6,930	21,979	28,909	-
Restricted assets				
Accrued interest	-	7,223	7,223	-
Loans	-	1,576,028	1,576,028	-
Net pension asset	740,063	92,616	832,679	-
Capital assets (net of accumulated depreciation/amortization)				
Land	612,637	22,291	634,928	-
Construction in progress	22,843	5,260	28,103	-
Other capital assets, net of depreciation/amortization	26,778,607	17,841,222	44,619,829	-
Total Assets	<u>45,659,514</u>	<u>24,242,779</u>	<u>69,902,293</u>	<u>112,339</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow related to pensions	1,356,809	173,276	1,530,085	-
Deferred outflow related to OPEB	657,888	112,684	770,572	-
Refunding loss	83,534	25,709	109,243	-
Total Deferred Outflows of Resources	<u>2,098,231</u>	<u>311,669</u>	<u>2,409,900</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 368,849	\$ 143,246	\$ 512,095	\$ 1,478
Accrued interest payable	75,587	19,554	95,141	-
Deposits	70,175	-	70,175	-
Due to other governmental units	1,018	-	1,018	-
Noncurrent liabilities				
Due within one year	1,246,408	514,845	1,761,253	-
Due in more than one year	15,122,186	3,308,957	18,431,143	-
OPEB liability	302,263	67,082	369,345	-
Total Liabilities	<u>17,186,486</u>	<u>4,053,684</u>	<u>21,240,170</u>	<u>1,478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	6,579,438	-	6,579,438	74,800
Deferred inflow related to pensions	1,467,890	174,661	1,642,551	-
Deferred inflow related to OPEB	10,893	2,792	13,685	-
Total Deferred Inflows of Resources	<u>8,058,221</u>	<u>177,453</u>	<u>8,235,674</u>	<u>74,800</u>
<b>NET POSITION</b>				
Net investment in capital assets	14,152,323	15,735,722	29,888,045	-
Restricted for				
Library	77,685	-	77,685	-
Impact fees	385,698	-	385,698	-
EMS Act 102	14,806	-	14,806	-
Developer fund	15,050	-	15,050	-
Debt service	82,156	-	82,156	-
Pensions	740,063	92,616	832,679	-
Unrestricted	<u>7,045,257</u>	<u>4,494,973</u>	<u>11,540,230</u>	<u>36,061</u>
<b>TOTAL NET POSITION</b>	<u>\$ 22,513,038</u>	<u>\$ 20,323,311</u>	<u>\$ 42,836,349</u>	<u>\$ 36,061</u>

## VILLAGE OF HARTLAND

### STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,091,123	\$ 70,292	\$ -	\$ -
Public safety	3,327,326	430,792	61,870	-
Public works	2,934,600	57,649	648,123	-
Health and human services	450,016	399,981	-	-
Culture, education and recreation	1,247,837	482,064	252,069	-
Conservation and development	326,974	213,640	4,804	-
Interest and fiscal charges	429,985	-	-	-
Total Governmental Activities	9,807,861	1,654,418	966,866	-
Business-type Activities				
Water Utility	1,232,056	1,794,284	-	-
Sewer Utility	1,646,051	1,717,328	-	-
Total Business-type Activities	2,878,107	3,511,612	-	-
Total Primary Government	\$ 12,685,968	\$ 5,166,030	\$ 966,866	\$ -
<b>Component Unit</b>				
Business improvement district	\$ 95,217	\$ -	\$ 12,312	\$ -

**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
\$ (1,020,831)	\$ -	\$ (1,020,831)	\$ -
(2,834,664)	-	(2,834,664)	-
(2,228,828)	-	(2,228,828)	-
(50,035)	-	(50,035)	-
(513,704)	-	(513,704)	-
(108,530)	-	(108,530)	-
(429,985)	-	(429,985)	-
<u>(7,186,577)</u>	<u>-</u>	<u>(7,186,577)</u>	<u>-</u>
-	562,228	562,228	-
-	<u>71,277</u>	<u>71,277</u>	-
-	<u>633,505</u>	<u>633,505</u>	-
<u>(7,186,577)</u>	<u>633,505</u>	<u>(6,553,072)</u>	<u>-</u>
-	-	-	<u>(82,905)</u>
4,454,624	-	4,454,624	-
1,351,096	-	1,351,096	-
66,919	-	66,919	-
-	-	-	72,800
576,663	-	576,663	-
238,521	109,370	347,891	-
223,443	-	223,443	5,430
26,563	-	26,563	-
<u>6,937,829</u>	<u>109,370</u>	<u>7,047,199</u>	<u>78,230</u>
<u>227,996</u>	<u>(227,996)</u>	<u>-</u>	<u>-</u>
(20,752)	514,879	494,127	(4,675)
<u>22,533,790</u>	<u>19,808,432</u>	<u>42,342,222</u>	<u>40,736</u>
<u>\$ 22,513,038</u>	<u>\$ 20,323,311</u>	<u>\$ 42,836,349</u>	<u>\$ 36,061</u>

## VILLAGE OF HARTLAND

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	Special Revenue Funds			
	General	TIF #4	TIF #5	TIF #6
<b>ASSETS</b>				
Assets				
Cash and investments	\$ 4,086,007	\$ -	\$ -	\$ -
Receivables				
Taxes	4,512,167	22,918	17,407	154,231
Delinquent personal property tax	5,919	-	-	-
Accounts (net)	112,573	-	-	-
Loans	-	189,501	65,099	-
Due from other funds	1,592,737	-	-	-
Inventories and prepayments	6,930	-	-	-
Total Assets	\$ 10,316,333	\$ 212,419	\$ 82,506	\$ 154,231
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ 249,596	\$ -	\$ -	\$ -
Accrued liabilities	16,021	-	-	-
Due to other governments	1,018	-	-	-
Due to other funds	-	602,580	36,504	953,653
Deposits	70,175	-	-	-
Total Liabilities	336,810	602,580	36,504	953,653
Deferred Inflows of Resources				
Unearned revenues	4,512,167	22,918	17,407	154,231
Unavailable revenues	-	189,501	65,099	-
Total Deferred Inflows of Resources	4,512,167	212,419	82,506	154,231
Fund Balances (Deficits)				
Nonspendable	1,605,586	-	-	-
Restricted	14,806	-	-	-
Committed	-	-	-	-
Assigned	1,457,175	-	-	-
Unassigned (Deficits)	2,389,789	(602,580)	(36,504)	(953,653)
Total Fund Balances (Deficits)	5,467,356	(602,580)	(36,504)	(953,653)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>				
	\$ 10,316,333	\$ 212,419	\$ 82,506	\$ 154,231

Debt Service	Capital Projects Funds		Nonmajor Governmental Funds	Totals
	Village Projects	Corporate Reserve		
\$ 157,743	\$ 3,898,830	\$ 1,576,743	\$ 631,651	\$ 10,350,974
1,467,950	-	-	399,765	6,574,438
-	-	-	-	5,919
-	-	-	-	112,573
-	-	-	-	254,600
-	-	-	-	1,592,737
-	-	-	-	6,930
<u>\$ 1,625,693</u>	<u>\$ 3,898,830</u>	<u>\$ 1,576,743</u>	<u>\$ 1,031,416</u>	<u>\$ 18,898,171</u>
\$ -	\$ 53,752	\$ 10,285	\$ 33,000	\$ 346,633
-	-	-	-	16,021
-	-	-	-	1,018
-	-	-	-	1,592,737
-	-	-	-	70,175
-	<u>53,752</u>	<u>10,285</u>	<u>33,000</u>	<u>2,026,584</u>
1,467,950	-	5,000	399,765	6,579,438
-	-	-	-	254,600
<u>1,467,950</u>	<u>-</u>	<u>5,000</u>	<u>399,765</u>	<u>6,834,038</u>
-	-	-	-	1,605,586
157,743	2,564,049	-	478,433	3,215,031
-	-	-	120,218	120,218
-	1,281,029	1,561,458	-	4,299,662
-	-	-	-	797,052
<u>157,743</u>	<u>3,845,078</u>	<u>1,561,458</u>	<u>598,651</u>	<u>10,037,549</u>
<u>\$ 1,625,693</u>	<u>\$ 3,898,830</u>	<u>\$ 1,576,743</u>	<u>\$ 1,031,416</u>	<u>\$ 18,898,171</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, 2018

---

Total Fund Balances - Governmental Funds	\$ 10,037,549
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	22,843
Other capital assets	45,546,093
Less: Accumulated depreciation	(18,767,486)
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	254,600
The net pension asset does not relate to current financial resources and is not reported in the governmental funds	740,063
The OPEB liability does not relate to current financial resources and is not reported in the governmental funds	(302,263)
The deferred outflows of resources related to pensions do not relate to current financial resources and, therefore, is not reported in the governmental funds	1,356,809
The deferred outflows of resources related to OPEB do not relate to current financial resources and, therefore, is not reported in the governmental funds	657,888
The deferred inflows of resources related to pensions do not relate to current financial resources and, therefore, is not reported in the governmental funds	(1,467,890)
The deferred inflows of resources related to OPEB do not relate to current financial resources and, therefore, is not reported in the governmental funds	(10,893)
Internal service funds are reported in the statement of net position as governmental activities	193,735
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)	(15,825,813)
Compensated absences	(459,247)
Accrued interest payable	(75,587)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 22,513,038</u></b>

**VILLAGE OF HARTLAND**

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

For the Year Ended December 31, 2018

	Special Revenue Funds			
	General	TIF #4	TIF #5	TIF #6
<b>REVENUES</b>				
Taxes	\$ 4,454,624	\$ 20,781	\$ 17,098	\$ 60,846
Intergovernmental	1,458,214	314	177	-
Licenses and permits	292,497	-	-	-
Fines, forfeitures and penalties	83,766	-	-	-
Public charges for services	862,940	-	-	-
Public improvement revenues	-	-	4,804	-
Interdepartmental revenue	52,783	-	-	-
Investment income	107,647	-	-	-
Miscellaneous revenues	122,849	-	-	-
Total Revenues	<u>7,435,320</u>	<u>21,095</u>	<u>22,079</u>	<u>60,846</u>
<b>EXPENDITURES</b>				
Current				
General government	999,035	170	170	170
Police	2,349,834	-	-	-
Fire protection	747,323	-	-	-
Public works	1,549,564	-	-	-
Health and human services	1,281	-	-	-
Library	684,142	-	-	-
Parks	458,124	-	-	-
Conservation and development	138,758	150	150	184,911
Capital Outlay	48,340	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>6,976,401</u>	<u>320</u>	<u>320</u>	<u>185,081</u>
Excess (deficiency) of revenues over expenditures	<u>458,919</u>	<u>20,775</u>	<u>21,759</u>	<u>(124,235)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	1,020	-	-	-
Transfers in	227,996	-	-	-
Transfers out	(824,840)	-	-	-
Total Other Financing Sources (Uses)	<u>(595,824)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(136,905)	20,775	21,759	(124,235)
FUND BALANCES (DEFICITS) - Beginning of Year	<u>5,604,261</u>	<u>(623,355)</u>	<u>(58,263)</u>	<u>(829,418)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 5,467,356</u>	<u>\$ (602,580)</u>	<u>\$ (36,504)</u>	<u>\$ (953,653)</u>

Debt Service	Capital Projects Funds		Nonmajor Governmental Funds	Totals
	Village Projects	Corporate Reserve		
\$ 1,351,096	\$ -	\$ -	\$ -	\$ 5,904,445
-	-	-	66,538	1,525,243
-	-	-	-	292,497
-	-	-	-	83,766
-	-	-	475,276	1,338,216
-	-	-	8,946	13,750
-	-	-	-	52,783
9,806	76,664	23,543	11,915	229,575
-	-	-	-	122,849
<u>1,360,902</u>	<u>76,664</u>	<u>23,543</u>	<u>562,675</u>	<u>9,563,124</u>
-	-	-	-	999,545
-	-	-	76,160	2,425,994
-	-	-	-	747,323
-	-	-	-	1,549,564
-	-	-	407,837	409,118
-	-	-	5,450	689,592
-	-	-	-	458,124
-	12,312	-	-	336,281
-	1,431,587	384,832	8,552	1,873,311
-	-	-	-	-
3,115,000	4,854	-	-	3,119,854
479,967	-	-	-	479,967
<u>3,594,967</u>	<u>1,448,753</u>	<u>384,832</u>	<u>497,999</u>	<u>13,088,673</u>
(2,234,065)	(1,372,089)	(361,289)	64,676	(3,525,549)
-	-	26,775	-	27,795
-	313,400	511,440	-	1,052,836
-	-	-	-	(824,840)
-	<u>313,400</u>	<u>538,215</u>	-	<u>255,791</u>
(2,234,065)	(1,058,689)	176,926	64,676	(3,269,758)
<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>\$ 157,743</u>	<u>\$ 3,845,078</u>	<u>\$ 1,561,458</u>	<u>\$ 598,651</u>	<u>\$ 10,037,549</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, 2018

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Net change in fund balances - total governmental funds	\$ (3,269,758)
--	----------------

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	1,873,311
Some items reported as capital outlay were not capitalized	(270,655)
Depreciation is reported in the government-wide statements	(1,602,409)
Net book value of assets retired	(184,019)

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.	(31,806)
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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.	
Principal repaid	3,119,854

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.	
Amortization	35,009

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 asset	942,426
OPEB liability	(302,263)
Deferred outflows of resources related to pensions	(195,772)
Deferred outflows of resources related to OPEB	657,888
Deferred inflows of resources related to pensions	(836,960)
Deferred inflows of resources related to OPEB	(10,893)
Compensated absences	24,029
Accrued interest on debt	26,906
Refunding loss	(11,933)

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.	16,293
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>(20,752)</u></b>
--	---------------------------

**VILLAGE OF HARTLAND**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
As of December 31, 2018**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 1,717,733	\$ 2,144,988	\$ 3,862,721	\$ 199,930
Receivables				
Accounts	397,355	391,785	789,140	-
Taxes	12,297	12,002	24,299	-
Inventories and prepayments	16,952	5,027	21,979	-
Restricted Assets				
Accrued interest	-	7,223	7,223	-
Current portion of loan receivable	-	298,338	298,338	-
Net pension asset	63,944	28,672	92,616	-
Total Current Assets	<u>2,208,281</u>	<u>2,888,035</u>	<u>5,096,316</u>	<u>199,930</u>
Noncurrent Assets				
Restricted Assets				
Noncurrent portion of loan receivable	-	1,277,690	1,277,690	-
Capital Assets				
Land	22,291	-	22,291	-
Construction in progress	5,260	-	5,260	-
Property and equipment	19,339,686	10,441,528	29,781,214	-
Accumulated depreciation	<u>(6,869,504)</u>	<u>(5,070,488)</u>	<u>(11,939,992)</u>	<u>-</u>
Other Assets				
Other debits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>12,497,733</u>	<u>6,648,730</u>	<u>19,146,463</u>	<u>-</u>
Total Assets	<u>14,706,014</u>	<u>9,536,765</u>	<u>24,242,779</u>	<u>199,930</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Refunding loss	25,709	-	25,709	-
Deferred outflow related to OPEB	70,507	42,177	112,684	-
Deferred outflow related to pensions	116,948	56,328	173,276	-
Total Deferred Outflows of Resources	<u>213,164</u>	<u>98,505</u>	<u>311,669</u>	<u>-</u>

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 55,372	\$ 87,874	\$ 143,246	\$ 6,195
Accrued interest	12,030	301	12,331	-
Current portion of general obligation debt	180,000	5,000	185,000	-
Compensated absences	21,607	9,900	31,507	-
Liabilities Payable from Restricted Assets				
Accrued interest	-	7,223	7,223	-
Current portion of revenue bonds	-	298,338	298,338	-
Total Current Liabilities	<u>269,009</u>	<u>408,636</u>	<u>677,645</u>	<u>6,195</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	1,923,760	50,000	1,973,760	-
Compensated absences	36,271	21,236	57,507	-
OPEB Liability	43,805	23,277	67,082	-
Liabilities Payable from Restricted Assets				
Revenue bonds	-	1,277,690	1,277,690	-
Total Noncurrent Liabilities	<u>2,003,836</u>	<u>1,322,103</u>	<u>3,325,939</u>	<u>-</u>
Total Liabilities	<u>2,272,845</u>	<u>1,780,839</u>	<u>4,053,684</u>	<u>6,195</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow related to pensions	122,720	51,941	174,661	-
Deferred inflow related to OPEB	1,857	935	2,792	-
Total Deferred Inflows of Resources	<u>124,577</u>	<u>52,876</u>	<u>177,453</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	10,419,682	5,316,040	15,735,722	-
Restricted for pensions	63,944	28,672	92,616	-
Unrestricted	2,038,130	2,456,843	4,494,973	193,735
<b>TOTAL NET POSITION</b>	<u>\$ 12,521,756</u>	<u>\$ 7,801,555</u>	<u>\$ 20,323,311</u>	<u>\$ 193,735</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, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
	<b>OPERATING REVENUES</b>			
Public charges for services	\$ 1,751,373	\$ 1,710,872	\$ 3,462,245	\$ -
Miscellaneous revenues	35,037	6,456	41,493	57,582
<b>Total Operating Revenues</b>	<u>1,786,410</u>	<u>1,717,328</u>	<u>3,503,738</u>	<u>57,582</u>
<b>OPERATING EXPENSES</b>				
Current				
Operation and maintenance	684,567	1,293,159	1,977,726	44,378
Depreciation expense	468,096	305,610	773,706	-
Taxes	23,800	-	23,800	-
<b>Total Operating Expenses</b>	<u>1,176,463</u>	<u>1,598,769</u>	<u>2,775,232</u>	<u>44,378</u>
Operating Income	<u>609,947</u>	<u>118,559</u>	<u>728,506</u>	<u>13,204</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	28,814	80,556	109,370	3,089
Interest expense	(51,308)	(47,282)	(98,590)	-
Amortization	3,589	-	3,589	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(18,905)</u>	<u>33,274</u>	<u>14,369</u>	<u>3,089</u>
Income Before Transfers	<u>591,042</u>	<u>151,833</u>	<u>742,875</u>	<u>16,293</u>
<b>TRANSFERS</b>				
Transfers out	<u>(221,220)</u>	<u>(6,776)</u>	<u>(227,996)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>369,822</u>	<u>145,057</u>	<u>514,879</u>	<u>16,293</u>
<b>NET POSITION - Beginning of Year</b>	<u>12,151,934</u>	<u>7,656,498</u>	<u>19,808,432</u>	<u>177,442</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 12,521,756</u>	<u>\$ 7,801,555</u>	<u>\$ 20,323,311</u>	<u>\$ 193,735</u>

**VILLAGE OF HARTLAND**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal
	Water Utility	Sewer Utility	Totals	Service Fund Dental Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,813,002	\$ 1,711,708	\$ 3,524,710	\$ 57,582
Payments to vendors	(319,239)	(1,149,204)	(1,468,443)	-
Payments to employees	(343,512)	(160,684)	(504,196)	(42,626)
Payments to other funds	(33,026)	(19,757)	(52,783)	-
Net Cash Flows From Operating Activities	<u>1,117,225</u>	<u>382,063</u>	<u>1,499,288</u>	<u>14,956</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	<u>28,814</u>	<u>34,554</u>	<u>63,368</u>	<u>3,089</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	<u>(221,220)</u>	<u>(6,776)</u>	<u>(227,996)</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(221,220)</u>	<u>(6,776)</u>	<u>(227,996)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on long-term debt	(185,000)	(5,000)	(190,000)	-
Interest paid	(48,782)	(1,305)	(50,087)	-
Acquisition and construction of capital assets	(580,802)	(12,726)	(593,528)	-
Sale of capital assets	814	-	814	-
Payment of Del-Hart deposits	<u>-</u>	<u>(86,590)</u>	<u>(86,590)</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(813,770)</u>	<u>(105,621)</u>	<u>(919,391)</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>111,049</b>	<b>304,220</b>	<b>415,269</b>	<b>18,045</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,606,684</u>	<u>1,840,768</u>	<u>3,447,452</u>	<u>181,885</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,717,733</b>	<b>\$ 2,144,988</b>	<b>\$ 3,862,721</b>	<b>\$ 199,930</b>

	Business-type Activities - Enterprise Funds			Governmental
				Activities - Internal
	Water Utility	Sewer Utility	Totals	Service Fund
<b>RECONCILIATION OF OPERATING INCOME</b>				
<b>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 609,947	\$ 118,559	\$ 728,506	\$ 13,204
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	468,096	305,610	773,706	-
Depreciation charged to other funds	27,740	(27,740)	-	-
Amortization	(3,589)	-	(3,589)	-
Changes in assets, deferred outflows, liabilities and deferred inflows				
Accounts receivable	26,592	(5,620)	20,972	-
Inventory	1,113	-	1,113	-
Prepays	(5,027)	(5,027)	(10,054)	-
Pension related amounts	9,546	1,817	11,363	-
OPEB related amounts	(24,845)	(17,965)	(42,810)	-
Accounts payable	6,487	6,456	12,943	1,752
Compensated absences	1,165	5,973	7,138	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 1,117,225</b>	<b>\$ 382,063</b>	<b>\$ 1,499,288</b>	<b>\$ 14,956</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Change in Del-Hart loan payable/receivable	\$ -	\$ 290,355		\$ -
Interest expense on Del-Hart loan payable	\$ -	\$ 47,333		\$ -
Interest earned on Del-Hart loan receivable	\$ -	\$ 47,333		\$ -

**VILLAGE OF HARTLAND**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
As of December 31, 2018

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	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 10,762,606
Receivables	
Taxes	<u>3,333,083</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 14,095,689</u></b>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 14,095,689</u>

# VILLAGE OF HARTLAND

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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).

#### ***E. 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, 2018. The BID does not issue separate financial statements.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### ***F. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

##### ***Government-Wide Financial Statements***

In June 2015, the GASB issued statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018.

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

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Fund Financial Statements (cont.)***

- 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.

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.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Fund Financial Statements (cont.)***

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	Impact Fees
Special Library	Criminal Investigation Task Force
Major Incident Task Force	

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

#### ***G. 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.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### **Government-Wide Financial Statements** (cont.)

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.

##### **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.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Fund Financial Statements*** (cont)

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.

##### ***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.
- 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.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### **1. Deposits and Investments** (cont.)

- 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.

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. 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, 2018, 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, 2018

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

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

##### **2. Receivables (cont.)**

Property tax calendar – 2018 tax roll:

Lien date and levy date	November 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax Sale – 2018 delinquent real estate taxes	October 2021

Accounts receivable have been shown net of an allowance for uncollectible accounts of \$168,906 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, 2018

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

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#### *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, 2018

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### 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, 2018 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, 2018

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### 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. There are no outstanding IRB's for the Village.

##### **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, 2018

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

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#### *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, 2018

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

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#### ***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 \$2,389,789 or 31.2%, 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 2018 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 2018 rates were effective December 16, 2017. Effective December 16, 2018 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.

##### ***13. Postemployment Benefits Other Than Pensions (OPEB)***

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the Village OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**VILLAGE OF HARTLAND**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

**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.

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service Fund	\$ 1,352,496	\$ 3,594,967	\$ 2,242,471
Capital Projects Funds			
Corporate Reserve	364,900	384,832	19,932
Special Revenue Funds			
TIF #6	53,420	185,081	131,661
Criminal Investigation Task Force	40,500	74,910	34,410

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 \$602,580, Special Revenue - TIF #5 fund has a deficit balance of \$36,504 and Special Revenue - TIF #6 fund has a deficit balance of \$953,653 at December 31, 2018. These deficits are anticipated to be funded by future tax increment revenues.

**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, 2018

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### NOTE III – DETAILED NOTES ON ALL FUNDS

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#### A. DEPOSITS AND INVESTMENTS

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 11,971,000	\$ 12,228,585	Custodial Credit
LGIP	13,242,220	13,242,220	Credit
Petty cash	550	-	Not Applicable
Total Cash and Investments	<u>\$ 25,213,770</u>	<u>\$ 25,470,805</u>	

Reconciliation to financial statements:

Per statement of net position

Unrestricted cash and investments \$ 14,413,625

Component unit cash and investments 37,539

Per statement of assets and liabilities –

Agency Fund 10,762,606

Total Cash and Investments \$ 25,213,770

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, 2018, the banks had pledged various government securities in the amount of \$8,508,211 to secure the Village's deposits. The remaining balance of approximately \$3.7 million is insured through the FDIC.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

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

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#### 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, 2018, \$8,508,211 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>\$ 8,508,211</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, 2018, 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 \$5,919 and loans of \$221,001.

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, 2018

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

---

#### **B. RECEIVABLES (cont.)**

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Property taxes receivable for subsequent year	\$ 6,174,673	\$ -	\$ 6,174,673
TIF Loans receivable not yet due	-	254,600	254,600
Fire Truck Sale Prepayment	5,000	-	5,000
Charges for service - refuse and garbage collection	<u>399,765</u>	<u>-</u>	<u>399,765</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 6,579,438</u>	 <u>\$ 254,600</u>	 <u>\$ 6,834,038</u>
 Unearned revenue included in deferred inflows	 \$ 6,579,438		
Unavailable revenue included in deferred inflows	<u>254,600</u>		
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 6,834,038</u>		

The TIF loans receivable of \$189,501 in TIF #4 and \$65,099 in TIF #5 for a total of \$254,600 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, 2018 is \$1,576,028. 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.

##### ***Net Pension Asset***

Restricted assets have been reported in connection with the net position asset balance since this balance must be used to fund employee benefits.

Total restricted assets as of as of December 31, 2018 is \$2,415,930.

## VILLAGE OF HARTLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 612,637	\$ -	\$ -	\$ 612,637
Construction in progress	8,570	22,843	8,570	22,843
Total Capital Assets Not Being Depreciated/Amortized	<u>621,207</u>	<u>22,843</u>	<u>8,570</u>	<u>635,480</u>
Capital assets being depreciated/amortized				
Buildings	7,622,855	9,526	-	7,632,381
Machinery and equipment	6,771,474	397,769	132,908	7,036,335
Intangibles	152,363	-	-	152,363
Roads	16,983,692	1,133,723	487,031	17,630,384
Other infrastructure	3,437,981	44,044	-	3,482,025
Storm sewers	9,246,432	3,321	1,091	9,248,662
Street lighting	363,943	-	-	363,943
Total Capital Assets Being Depreciated/Amortized	<u>44,578,740</u>	<u>1,588,383</u>	<u>621,030</u>	<u>45,546,093</u>
Less: Accumulated depreciation/amortization for				
Buildings	(3,241,214)	(193,107)	-	(3,434,321)
Machinery and equipment	(3,614,337)	(459,870)	(132,696)	(3,941,511)
Intangibles	(48,460)	(12,933)	-	(61,393)
Roads	(6,196,717)	(674,515)	(303,482)	(6,567,750)
Other infrastructure	(1,724,445)	(90,226)	-	(1,814,671)
Storm sewers	(2,577,639)	(153,561)	(833)	(2,730,367)
Street lighting	(199,276)	(18,197)	-	(217,473)
Total Accumulated Depreciation/Amortization	<u>(17,602,088)</u>	<u>(1,602,409)</u>	<u>(437,011)</u>	<u>(18,767,486)</u>
Net Capital Assets Being Depreciated/Amortized	<u>26,976,652</u>	<u>(14,026)</u>	<u>184,019</u>	<u>26,778,607</u>
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	<u>\$ 27,597,859</u>	<u>\$ 8,817</u>	<u>\$ 192,589</u>	<u>\$ 27,414,087</u>

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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	\$ 85,929
Police	97,176
Fire and ambulance	168,908
Public works, which includes the depreciation of roads, storm sewers and street lighting	1,096,415
Library	93,683
Parks and recreation	<u>60,298</u>
<b>Total Governmental Activities Depreciation/Amortization Expense</b>	<b><u>\$ 1,602,409</u></b>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 22,291	\$ -	\$ -	\$ 22,291
Construction in progress	<u>1,350</u>	<u>5,260</u>	<u>1,350</u>	<u>5,260</u>
<b>Total Capital Assets Not Being     Depreciated</b>	<u>23,641</u>	<u>5,260</u>	<u>1,350</u>	<u>27,551</u>
Capital assets being depreciated				
Buildings and improvements	868,743	-	-	868,743
Machinery and equipment	1,549,959	41,562	-	1,591,521
Water distribution system	17,184,457	548,056	199,830	17,532,683
Sewer collection system	<u>9,788,267</u>	<u>-</u>	<u>-</u>	<u>9,788,267</u>
<b>Total Capital Assets Being Depreciated</b>	<u>29,391,426</u>	<u>589,618</u>	<u>199,830</u>	<u>29,781,214</u>
Less: Accumulated depreciation for				
Buildings and improvements	(355,357)	(26,362)	-	(381,719)
Machinery and equipment	(1,448,926)	(154,831)	-	(1,603,757)
Water distribution system	(4,922,360)	(351,775)	(199,016)	(5,075,119)
Sewer collection system	<u>(4,638,659)</u>	<u>(240,738)</u>	<u>-</u>	<u>(4,879,397)</u>
<b>Total Accumulated Depreciation</b>	<u>(11,365,302)</u>	<u>(773,706)</u>	<u>(199,016)</u>	<u>(11,939,992)</u>
<b>Net Capital Assets Being Depreciated</b>	<u>18,026,124</u>	<u>(184,088)</u>	<u>814</u>	<u>17,841,222</u>
<b>Business-type Activities</b>				
<b>Capital Assets, Net of Depreciation</b>	<b><u>\$ 18,049,765</u></b>	<b><u>\$ (178,828)</u></b>	<b><u>\$ 2,164</u></b>	<b><u>\$ 17,868,773</u></b>

**VILLAGE OF HARTLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Business-Type Activities**

Water	\$ 468,096
Sewer	<u>305,610</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 773,706</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	\$ 602,580	\$ 602,580
General Fund	Special Revenue - TIF #5	36,504	36,504
General Fund	Special Revenue - TIF #6	<u>953,653</u>	953,653
Subtotal - Fund financial statements		1,592,737	
Less: Fund eliminations		<u>(1,592,737)</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>	

## VILLAGE OF HARTLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### 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	\$ 221,220	Payment of tax equivalent.
General Fund	Enterprise Fund - Sewer Utility	6,776	Payment of tax equivalent.
Capital Projects Fund Corporate Reserve	General Fund	511,440	Provide financing for the purchase of equipment
Capital Projects Fund Village Projects	General Fund	313,400	Provide financing for short term capital projects not borrowed for
Subtotal - Fund financial statements		1,052,836	
Less: Fund eliminations		<u>(824,840)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 227,996</u>	
<u>Entity Transferred To</u>	<u>Entity Transferred From</u>		
Governmental Activities	Business-Type Activities	<u>\$ 227,996</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.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
<b>Bonds and Notes Payable</b>					
General obligation debt	\$ 18,459,269	\$ -	\$ 3,119,854	\$ 15,339,415	\$ 1,054,854
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	604,941	-	35,009	569,932	-
Sub-total	<u>19,064,210</u>	<u>-</u>	<u>3,154,863</u>	<u>15,909,347</u>	<u>1,054,854</u>
<b>Other Liabilities</b>					
Net pension liability	202,363	-	202,363	-	-
Net OPEB Liability - Life	-	184,916	-	184,916	-
Total OPEB Liability - Health	-	117,347	-	117,347	-
Compensated absences	483,276	309,679	333,708	459,247	191,554
Sub-total	<u>685,639</u>	<u>611,942</u>	<u>536,071</u>	<u>761,510</u>	<u>191,554</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 19,749,849</u>	<u>\$ 611,942</u>	<u>\$ 3,690,934</u>	<u>\$ 16,670,857</u>	<u>\$ 1,246,408</u>
<b>Business-type Activities</b>					
<b>Bonds and Notes Payable</b>					
General obligation debt	\$ 2,275,000	\$ -	\$ 190,000	\$ 2,085,000	\$ 185,000
Revenue Bonds Payable	1,866,383	-	290,355	1,576,028	298,338
Add/(Subtract) Deferred Amounts For (Discounts)/Premiums	81,634	-	7,874	73,760	-
Sub-total	<u>4,223,017</u>	<u>-</u>	<u>488,229</u>	<u>3,734,788</u>	<u>483,338</u>
<b>Other Liabilities</b>					
Net pension liability	26,688	-	26,688	-	-
Net OPEB Liability - Life	-	47,395	-	47,395	-
Total OPEB Liability - Health	-	19,687	-	19,687	-
Compensated absences	81,876	70,573	63,435	89,014	31,507
Sub-total	<u>108,564</u>	<u>137,655</u>	<u>90,123</u>	<u>156,096</u>	<u>31,507</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 4,331,581</u>	<u>\$ 137,655</u>	<u>\$ 578,352</u>	<u>\$ 3,890,884</u>	<u>\$ 514,845</u>

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.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### F. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

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, 2018, was \$66,114,235. Total general obligation debt outstanding at year end was \$17,424,415.

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2018</u>
<b>Governmental Activities</b>					
General Obligation Bonds					
2012	11/14/12	10/1/32	2.0-3.0%	\$ 3,780,000	\$ 2,820,000
2013	12/05/13	6/1/30	2.5-3.3	4,935,000	4,160,000
2014	11/10/14	2/15/22	-	38,831	19,415
2015	11/03/15	10/1/35	2.5-3.0	2,460,000	2,320,000
2017	8/1/17	8/1/27	1.75	700,000	630,000
2017	12/5/17	11/1/37	3.0-3.25	5,420,000	<u>5,390,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 15,339,415</u>
<b>Business-type Activities</b>					
General Obligation Bonds					
2012	11/14/12	10/1/31	2.0-3.0%	\$ 2,300,000	\$ 1,685,000
2015	11/03/15	10/1/31	2.5-3.0	515,000	<u>400,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,085,000</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>
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	1,090,000	307,556	1,397,556	210,000	28,576	238,576
2024-2028	5,455,000	1,087,121	6,542,121	745,000	78,281	823,281
2029-2033	3,260,000	403,654	3,663,654	345,000	15,669	360,669
2034-2037	1,115,000	75,900	1,190,900	-	-	-
Totals	<u>\$ 15,339,415</u>	<u>\$ 3,413,253</u>	<u>\$ 18,752,668</u>	<u>\$ 2,085,000</u>	<u>\$ 289,530</u>	<u>\$ 2,374,530</u>

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### *F. LONG-TERM OBLIGATIONS* (cont.)

##### *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 DHWPC. The loan receivable between the Village and DHWPC is equal to the related debt service requirements. The total principal and interest remaining to be paid on the bonds is \$1,686,731. Principal and interest paid on the debt during the year was \$337,688.

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2018</u>
Revenue Bonds					
2003	6/11/03	5/1/23	2.75%	\$ 5,000,000	<u>\$ 1,576,028</u>

Principal and interest to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Bond Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,576,028</u>	<u>\$ 110,703</u>	<u>\$ 1,686,731</u>

##### *Other Debt Information*

Estimated payments of compensated absences and OPEB liability are not included in the debt service requirement schedules. The compensated absences 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.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### **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, 2018 includes the following:

##### **Governmental Activities**

###### Net Investment in Capital Assets

Land	\$ 612,637
Construction in progress	22,843
Capital assets, net of accumulated depreciation/amortization	26,778,607
Less: capital related long-term debt outstanding	(15,339,415)
Plus: unspent capital related debt proceeds	2,564,049
Plus: unamortized loss on refunding	83,534
Less: unamortized premium/discount	(569,932)
Total Net Investment in Capital Assets	<u>14,152,323</u>

###### Restricted for:

Library	77,685
Impact fees	385,698
EMS Act 102	14,806
Developer fund	15,050
Debt Service	82,156
Pensions	740,063
Total Restricted	<u>1,315,458</u>

###### Unrestricted

7,045,257

Total Governmental Activities Net Position	<u>\$ 22,513,038</u>
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# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

##### **Nonspendable**

###### Major Fund

###### General Fund

Non-current receivables	\$	1,598,656
Prepaid items		<u>6,930</u>
Total	\$	<u>1,605,586</u>

##### **Restricted**

###### Major Funds

###### General Fund

EMS Act 102	\$	<u>14,806</u>
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###### Debt Service Fund

	\$	<u>157,743</u>
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###### Capital Projects Fund - Village Projects - Unspent bond proceeds

	\$	<u>2,564,049</u>
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###### Non-Major Funds

###### Special Revenue Funds

Special Library Fund	\$	<u>77,685</u>
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Impact Fees Fund	\$	<u>385,698</u>
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###### Capital Projects Fund

Developers Fund	\$	<u>15,050</u>
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##### **Committed**

###### Non-Major Funds

###### Special Revenue Funds

Refuse and Garbage Collection Fund	\$	<u>117,450</u>
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Major Incident Task Force Fund	\$	<u>2,768</u>
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# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### **Governmental Funds (cont.)**

###### **Assigned**

###### Major Funds

###### General Fund

Future asset purchases	\$	519,837
Future assessment		171,200
Comprehensive planning		74,622
GIS system		22,421
Veterans memorial		1,398
Employee benefits		459,247
Recreation and celebrations		23,760
Municipal donations		5,361
Fine arts		5,771
Heritage Grant		100
Police armored vest		3,156
Cemetery perpetual care		74,877
Subdivision trees		16,634
Asset forfeiture		314
Police donations		500
Ambulance donations		<u>77,977</u>

Total \$ 1,457,175

###### Capital Projects Funds

###### Village Projects

Boardwalk	\$	149,031
Future development		904,252
Community center development		50,000
Library development		50,843
Future road projects		70,720
Fees in lieu of dedication		<u>56,183</u>

Total \$ 1,281,029

Corporate Reserve \$ 1,561,458

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### **Governmental Funds (cont.)**

##### **Unassigned (Deficits)**

##### Major Funds

General Fund	\$ 2,389,789
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##### Special Revenue Funds

TIF #4	\$ (602,580)
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TIF #5	\$ (36,504)
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TIF #6	\$ (953,653)
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Total Governmental Fund Balances (Deficits)	\$ 10,037,549
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##### **Business-Type Activities**

##### Net Investment in Capital Assets

Land	\$ 22,291
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Construction in progress	5,260
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Other Capital assets, net of accumulated depreciation	17,841,222
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Less: Capital related long-term debt outstanding	(2,085,000)
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Add: unamortized loss on refunding	25,709
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Less: unamortized premium	(73,760)
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Total Net Investment in Capital Assets	<u>15,735,722</u>
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##### Restricted

Pension	<u>92,616</u>
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##### Unrestricted

<u>4,494,973</u>
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Total Net Position	<u>\$ 20,323,311</u>
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# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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#### *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 \$37,539 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, 2018

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### NOTE IV – OTHER INFORMATION

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#### *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, 2018

#### 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
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)
2017	2.0	4

**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 \$285,321 in contributions from the Village.

Contribution rates as of December 31, 2018 are:

Employee Category	Employee	Employer
General (executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.93%

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### *Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2018, the Village reported an asset of \$832,679 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was .02804468% which was an increase of .00025525% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$390,017.

At December 31, 2018, 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	\$ 1,057,940	\$ 494,869
Changes of actuarial assumptions	164,521	-
Net differences between projected and actual earnings on pension plan investments	-	1,144,441
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,011	3,241
Employer contributions subsequent to the measurement date	296,613	-
Totals	\$ 1,530,085	\$ 1,642,551

\$296,613 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, 2019. 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 and Deferred Inflows of Resources (net)
2019	\$ 94,228
2020	(3,768)
2021	(284,736)
2022	(216,794)
2023	1,991

## VILLAGE OF HARTLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE IV – OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2016
Measurement date of net pension liability	December 31, 2017
Actuarial cost method	Entry age
Asset valuation method	Fair 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, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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 %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	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 asset. 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 3.31%. 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 asset.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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)	\$ 2,154,427	\$ (832,679)	\$ (3,102,973)

**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, 2018, the Village reported a payable to the pension plan of \$41,236, which represents contractually required contributions outstanding as of the end of the year.

#### B. LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

**Plan description.** The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Life Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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.** The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

**Contributions.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

## VILLAGE OF HARTLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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#### NOTE IV – OTHER INFORMATION (cont.)

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##### *B. LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)*

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Coverage Type</u>	<u>Employer Contributions</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year are as listed below:

<u>Life Insurance Employee Contribution Rates For the Plan Year</u>	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$1,466 in contributions from the employer.

## VILLAGE OF HARTLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### NOTE IV – OTHER INFORMATION (cont.)

#### *B. LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)*

#### ***OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At December 31, 2018, the Village reported a liability of \$232,311 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.07721600% which was a decrease of 0.00494500% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized OPEB expense of \$213,152

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,273
Net Differences between projected and actual earnings on OPEB plan investments	22,449	-
Changes in assumptions	2,675	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	10,412
Employer contributions subsequent to the measurement date	7,720	-
Total	\$ 32,844	\$ 13,685

## VILLAGE OF HARTLAND

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### NOTE IV – OTHER INFORMATION (cont.)

#### *B. LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)*

\$7,720 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 2,011
2020	2,011
2021	2,011
2022	2,011
2023	1,342
Thereafter	2,053

**Actuarial assumptions.** The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability:	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV – OTHER INFORMATION (cont.)

#### *B. LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)*

**Long-term expected return on plan assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65	2.61
US Long Credit Bonds	Barclays Long Credit	3	3.08
US Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-Term Expected Rate of Return			5.0

**Single discount rate.** A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV – OTHER INFORMATION (cont.)

#### **B. LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)**

**Sensitivity of the Village's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Village's proportionate share of the net OPEB liability	<u>\$ 328,343</u>	<u>\$ 232,311</u>	<u>\$ 158,616</u>

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

#### **C. RETIREE HEALTH INSURANCE BENEFIT**

**Plan description.** The Village's defined benefit OPEB plan, Retiree Benefits Plan, provides OPEB for all permanent full-time employees of the Village. The Village's retiree health insurance plan is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements of the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits provided.** The Village's retiree health insurance plan provides healthcare for retirees and their dependents. The benefit terms provide for payment of 100 percent of health insurance premiums for non-Medicare-eligible retirees and 100 percent of supplemental health insurance premiums for Medicare-eligible retirees.

**Employees covered by benefit terms.** At December 31, 2017, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	8
Active plan members	50
Total	58

#### **Total OPEB Liability**

The Village's total OPEB liability of \$137,034 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV – OTHER INFORMATION (cont.)

#### **C. RETIREE HEALTH INSURANCE BENEFIT (cont.)**

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2017 actuarial valuation date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	5 percent, average, including inflation
Healthcare cost trend rates	7.5% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Retirees' share of benefit-related costs	Zero percent

The discount rate was based on Bond Buyer 20-Bond Go Index

Mortality rates were based on the Wisconsin 2012 Mortality Table

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

#### **Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2017	\$ -
Prior year activity	138,461
Changes for the year:	
Service Cost	7,084
Interest	4,738
Benefit Payments	(13,249)
Net Changes	(1,427)
Balance at 12/31/2018	\$ 137,034

**VILLAGE OF HARTLAND**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE IV – OTHER INFORMATION (cont.)**

**C. RETIREE HEALTH INSURANCE BENEFIT (cont.)**

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the discount rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$ 145,155	\$ 137,034	\$ 129,400

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB Liability	\$ 132,782	\$ 137,034	\$ 142,017

**OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the year ended December 31, 2018, the Village recognized \$137,034 of OPEB expense. At December 31, 2018, the Village reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -
Changes of assumptions or other inputs	-
Employer Contributions - subsequent to measurement date	737,728
Total	\$ 737,728

**VILLAGE OF HARTLAND**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2018

**NOTE IV – OTHER INFORMATION (cont.)**

**C. RETIREE HEALTH INSURANCE BENEFIT (cont.)**

\$737,728 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019.

**D. 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. \$193,735 was assigned for that reserve at year end, and is included in unrestricted 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.

	Prior Year	Current Year
Unpaid claims – Beginning of Year	\$ 4,527	\$ 4,443
Current year claims and changes in estimates	50,512	41,536
Claim payments	(50,596)	(39,784)
 Unpaid Claims – End of Year	 \$ 4,443	 \$ 6,195

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### ***E. 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.

#### ***F. 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 will be repaid with 90% of the TIF #6 increment annually. 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.

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 \$1.167 million.

#### ***G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

# VILLAGE OF HARTLAND

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV – OTHER INFORMATION (cont.)

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#### **G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS (cont.)**

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

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

#### **H. 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 Equivalents (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 \$860,506 in user charges for the year ended December 31, 2018. As of December 31, 2018, the Village has a liability accrued of \$52,258 for connection fees. See Note III.F. regarding Village debt obligations related to the Commission.

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, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 4,454,624	\$ 4,454,624	\$ -
Intergovernmental	1,362,445	1,455,723	93,278
Licenses and permits	276,000	292,497	16,497
Fines, forfeitures and penalties	70,000	83,766	13,766
Public charges for services	693,100	840,767	147,667
Interdepartmental revenue	54,000	52,783	(1,217)
Investment income	50,000	99,332	49,332
Miscellaneous revenues	620,400	122,097	(498,303)
Total Revenues	<u>7,580,569</u>	<u>7,401,589</u>	<u>(178,980)</u>
<b>EXPENDITURES</b>			
Current			
General government	1,083,139	981,973	101,166
Police	2,415,200	2,323,383	91,817
Fire protection	762,550	747,323	15,227
Public works	1,422,500	1,535,507	(113,007)
Health and human services	-	1,281	(1,281)
Library	697,350	673,723	23,627
Parks	407,470	458,124	(50,654)
Conservation and development	142,720	118,673	24,047
Capital Outlay	55,300	48,340	6,960
Total Expenditure	<u>6,986,229</u>	<u>6,888,327</u>	<u>97,902</u>
Excess of revenues over expenditures	<u>594,340</u>	<u>513,262</u>	<u>(81,078)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	500	1,020	520
Transfers in	230,000	227,996	(2,004)
Transfers out	(824,840)	(824,840)	-
Total Other Financing Sources (Uses)	<u>(594,340)</u>	<u>(595,824)</u>	<u>(1,484)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(82,562)</u>	<u>\$ (82,562)</u>
<b>Adjustment to Generally Accepted Accounting Principles Basis</b>			
Appropriations credited to designated funds		12,882	
Revenue credited to designated funds		33,731	
Expenditures charged to designated funds		<u>(100,956)</u>	
Net change in fund balances - GAAP		(136,905)	
FUND BALANCES - Beginning of Year		<u>5,604,261</u>	
FUND BALANCES - END OF YEAR		<u>\$ 5,467,356</u>	

## 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, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 20,000	\$ 20,781	\$ 781
Intergovernmental	300	314	14
Total Revenues	20,300	21,095	795
<b>EXPENDITURES</b>			
Current			
General government	170	170	-
Conservation and development	150	150	-
Total Expenditures	320	320	-
<b>Net Change in Fund Balances</b>	<b>\$ 19,980</b>	<b>20,775</b>	<b>\$ 795</b>
FUND BALANCES (DEFICIT) - Beginning of Year		(623,355)	
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>		<b>\$ (602,580)</b>	

## 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, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 16,500	\$ 17,098	\$ 598
Intergovernmental	175	177	2
Public improvement revenues	5,400	4,804	(596)
Total Revenues	<u>22,075</u>	<u>22,079</u>	<u>4</u>
<b>EXPENDITURES</b>			
Current			
General government	170	170	-
Conservation and development	150	150	-
Total Expenditures	<u>320</u>	<u>320</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ 21,755</u>	21,759	<u>\$ 4</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>(58,263)</u>	
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>		<u>\$ (36,504)</u>	

**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, 2018

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 59,000	\$ 60,846	\$ 1,846
Total Revenues	<u>59,000</u>	<u>60,846</u>	<u>1,846</u>
<b>EXPENDITURES</b>			
Current			
General government	170	170	-
Conservation and development	<u>53,250</u>	<u>184,911</u>	<u>(131,661)</u>
Total Expenditures	<u>53,420</u>	<u>185,081</u>	<u>(131,661)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 5,580</u>	<u>(124,235)</u>	<u>\$ (129,815)</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>(829,418)</u>	
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>		<u>\$ (953,653)</u>	

## VILLAGE OF HARTLAND

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

WRS Year End Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)
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%
12/31/17	0.028044680%	(832,679)	3,350,298	24.85%	102.93%

## VILLAGE OF HARTLAND

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

Village 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%
12/31/18	296,613	(296,613)	-	3,425,903	8.66%

**VILLAGE OF HARTLAND**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) -  
 LOCAL RETIREE LIFE INSURANCE FUND  
 For the Year Ended December 31, 2018

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Plan Year End Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
12/31/17	0.077216000%	\$ 232,311	\$ 3,247,154	7.15%	44.81%

**VILLAGE OF HARTLAND**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND  
 For the Year Ended December 31, 2018

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Village 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
12/31/18	\$ 7,720	\$ (7,720)	\$ -	\$ 3,425,903	0.23%

## VILLAGE OF HARTLAND

### SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED For the Year Ended December 31, 2018

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	<u>2018</u>
<b>Total OPEB Liability</b>	
Prior year activity	\$ 138,461
Service cost	7,084
Interest	4,738
Benefit payments	<u>(13,249)</u>
<b>Net Change in Total OPEB Liability</b>	137,034
<b>Total OPEB Liability - Beginning</b>	<u>-</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 137,034</u>
<b>Covered-employee payroll</b>	\$ 3,021,051
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	4.54%

## VILLAGE OF HARTLAND

### SCHEDULE OF VILLAGE'S OPEB CONTRIBUTIONS For the Year Ended December 31, 2018

		2018
Actuarially determined contribution	\$	13,249
Contributions in relation to the actuarially determined contribution		13,249
Contribution deficiency (excess)	\$	-
 Covered-employee payroll	 \$	 3,301,608
Contributions as a percentage of covered-employee payroll		0.40%

#### Notes to Schedule

##### Valuation date:

Actuarially determined contribution rates are calculated as of December 31, 2017

##### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age Normal (level percent of salary)
Amortization method	Pay as you go
Amortization period	30 years
Asset valuation method	Market Value
Inflation	2.5 percent
Healthcare cost trend rates	7.5 percent initial, decreasing 0.5 percent per year down to 6.5%, then by 0.10% per year down to 5.0%, and level thereafter
Salary increases	3.0 percent, average, including inflation
Investment rate of return	3.5 percent, net of OPEB plan investment expense, including inflation.
Retirement age	In the 20X7 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actuarial experience
Mortality	In the 2017 actuarial valuation, mortality assumptions were based on Wisconsin 2012 Mortality Table.

## VILLAGE OF HARTLAND

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2018

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#### ***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 asset 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.

#### ***LOCAL RETIREE LIFE INSURANCE FUND/RETIREE HEALTH BENEFIT***

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in LRLIF nor, for the retiree health benefit.

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

SUPPLEMENTARY INFORMATION

**VILLAGE OF HARTLAND**

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
As of December 31, 2018

	Special Revenue Funds		
	Refuse and Garbage Collection	Special Library	Impact Fees
<b>ASSETS</b>			
Cash and investments	\$ 150,250	\$ 77,690	\$ 385,698
Receivables			
Taxes	399,765	-	-
<b>TOTAL ASSETS</b>	<b>\$ 550,015</b>	<b>\$ 77,690</b>	<b>\$ 385,698</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 32,800	\$ 5	\$ -
Unearned revenues	399,765	-	-
Total Liabilities and Deferred Inflows of Resources	432,565	5	-
Fund Balances			
Restricted	-	77,685	385,698
Committed	117,450	-	-
Total Fund Balances	117,450	77,685	385,698
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 550,015</b>	<b>\$ 77,690</b>	<b>\$ 385,698</b>

Special Revenue Funds		Capital Projects Fund	
Criminal Investigation Task Force	Major Incident Task Force	Developers	Totals
\$ -	\$ 2,768	\$ 15,245	\$ 631,651
-	-	-	399,765
<u>\$ -</u>	<u>\$ 2,768</u>	<u>\$ 15,245</u>	<u>\$ 1,031,416</u>
\$ -	\$ -	\$ 195	\$ 33,000
-	-	-	399,765
-	-	195	432,765
-	-	15,050	478,433
-	2,768	-	120,218
-	2,768	15,050	598,651
<u>\$ -</u>	<u>\$ 2,768</u>	<u>\$ 15,245</u>	<u>\$ 1,031,416</u>

**VILLAGE OF HARTLAND**

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 For the Year Ended December 31, 2018

	Special Revenue Funds		
	Refuse and Garbage Collection	Special Library	Impact Fees
<b>REVENUES</b>			
Intergovernmental	\$ 18,188	\$ -	\$ -
Public charges for services	399,981	-	37,776
Public improvement revenues	-	8,946	-
Investment income	4,880	1,242	5,793
<b>Total Revenues</b>	423,049	10,188	43,569
<b>EXPENDITURES</b>			
Current			
Police	-	-	-
Health and human services	407,837	-	-
Library	-	5,450	-
Capital Outlay	-	-	-
<b>Total Expenditure</b>	407,837	5,450	-
Excess (deficiency) of revenues over expenditures	15,212	4,738	43,569
<b>Net Change in Fund Balances</b>	15,212	4,738	43,569
FUND BALANCES (DEFICITS) - Beginning of Year	102,238	72,947	342,129
<b>FUND BALANCES - END OF YEAR</b>	\$ 117,450	\$ 77,685	\$ 385,698

Special Revenue Funds		Capital Projects Fund	
Criminal Investigation Task Force	Major Incident Task Force	Developers	Totals
\$ 45,000	\$ 3,350	\$ -	\$ 66,538
-	-	37,519	475,276
-	-	-	8,946
-	-	-	11,915
<u>45,000</u>	<u>3,350</u>	<u>37,519</u>	<u>562,675</u>
74,910	1,250	-	76,160
-	-	-	407,837
-	-	-	5,450
-	-	8,552	8,552
<u>74,910</u>	<u>1,250</u>	<u>8,552</u>	<u>497,999</u>
<u>(29,910)</u>	<u>2,100</u>	<u>28,967</u>	<u>64,676</u>
(29,910)	2,100	28,967	64,676
<u>29,910</u>	<u>668</u>	<u>(13,917)</u>	<u>533,975</u>
<u>\$ -</u>	<u>\$ 2,768</u>	<u>\$ 15,050</u>	<u>\$ 598,651</u>

**VILLAGE OF HARTLAND**  
**STATEMENT OF CASH FLOWS**  
**COMPONENT UNIT**  
For the Year Ended December 31, 2018

	Business Improvement District
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to vendors	\$ (62,198)
Payments to employees	(29,418)
Net Cash Flows From Operating Activities	(91,616)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Taxes levied	72,800
Donation	5,430
Contribution from municipality	12,312
Net Cash Flows From Noncapital Financing Activities	90,542
Net Change in Cash and Cash Equivalents	(1,074)
CASH AND CASH EQUIVALENTS - Beginning of Year	38,613
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 37,539</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (95,217)
Changes in assets and liabilities	
Prepaid items	4,200
Accounts payable	(599)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (91,616)</b>

VILLAGE OF HARTLAND

SUMMARY OF GOVERNMENTAL ACTIVITIES LONG-TERM DEBT  
As of December 31, 2018

Governmental Activities	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance Outstanding 12/31/2017	Additions	Payments	Balance Outstanding 12/31/2018	Interest Paid	Principal Due 2019
General Obligation Bonds	02/03/09	2.0-4.12%	02/1/10-29	2/1 & 8/1	\$ 3,125,000	\$ 2,350,000	\$ -	\$ 2,350,000	\$ -	\$ 44,909	\$ -
	11/14/12	2.0-3.0	10/1/13-32	4/1 & 10/1	3,780,000	3,160,000	-	340,000	2,820,000	70,934	290,000
	12/05/13	2.5-3.3	06/1/14-30	6/1 & 12/1	4,935,000	4,420,000	-	260,000	4,160,000	131,788	270,000
	11/10/14	-	2/15/15-22	2/15	38,831	24,269	-	4,854	19,415	-	4,854
	11/03/15	2.5-3.0	10/1/17-35	4/1 & 10/1	2,460,000	2,385,000	-	65,000	2,320,000	70,050	90,000
	08/01/17	1.75	8/1/18-27	2/1 & 8/1	700,000	700,000	-	70,000	630,000	12,420	70,000
	12/05/17	3.0-3.25	11/1/18-37	5/1 & 11/1	5,420,000	5,420,000	-	30,000	5,390,000	148,466	330,000
					\$ 18,459,269	\$ 18,459,269	\$ -	\$ 3,119,854	\$ 15,339,415	\$ 478,567	\$ 1,054,854

TOTAL GENERAL OBLIGATION BONDS

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

Year	Principal	Interest	Total	Balance Outstanding
2018	\$ 1,054,854	\$ 430,299	\$ 1,485,153	\$ 15,339,415
2019	1,074,854	402,135	1,476,989	14,284,561
2020	1,164,854	370,115	1,534,969	13,209,707
2021	1,124,853	336,473	1,461,326	12,044,853
2022	1,090,000	307,556	1,397,556	10,920,000
2023	1,140,000	279,322	1,419,322	9,830,000
2024	1,135,000	248,935	1,383,935	8,690,000
2025	1,085,000	217,255	1,302,255	7,555,000
2026	1,085,000	186,288	1,271,288	6,470,000
2027	1,010,000	155,321	1,165,321	5,385,000
2028	970,000	124,946	1,094,946	4,375,000
2029	865,000	95,576	960,576	3,405,000
2030	515,000	75,769	590,769	2,540,000
2031	530,000	61,162	591,162	2,025,000
2032	380,000	46,200	426,200	1,495,000
2033	375,000	34,800	409,800	1,115,000
2034	380,000	23,550	403,550	740,000
2035	180,000	11,700	191,700	360,000
2036	180,000	5,850	185,850	180,000
2037	-	-	-	-
	\$ 15,339,415	\$ 3,413,254	\$ 18,752,669	

VILLAGE OF HARTLAND

COMPARATIVE SCHEDULE OF TAXES AND VALUATION DATA  
2014 - 2018 Tax Rolls

	2014	2015	2016	2017	2018
<b>STATE TAXES</b>	\$ 198,147	\$ 201,930	\$ 205,504	\$ -	\$ -
<b>COUNTY TAXES</b>	2,427,115	2,425,107	2,412,903	2,503,714	2,475,078
<b>LOCAL TAXES</b>					
Village property taxes	5,221,227	5,357,668	5,465,692	5,805,720	5,980,117
Omitted taxes	-	-	-	-	-
Tax Increment District taxes	20,261	32,819	36,804	98,726	194,555
Total Local Taxes	5,241,488	5,390,487	5,502,496	5,904,446	6,174,672
<b>SCHOOL TAXES</b>					
Swallow School District	1,752,457	1,775,978	1,786,151	1,796,597	1,737,270
Merton Community School District	190	3,214	72,965	138,286	141,879
School District of Hartland -					
Lakeside School	5,894,352	5,805,802	5,381,565	4,930,278	4,522,751
Lake Country School District	779,966	807,610	797,802	732,889	722,094
Arrowhead Union High School District	4,028,523	4,072,343	4,071,296	4,171,344	4,022,515
Waukesha County Technical College	453,801	451,040	445,240	472,757	474,102
Total School Taxes	12,909,289	12,915,987	12,555,019	12,242,151	11,620,611
Total General Property Taxes	20,776,039	20,933,511	20,675,922	20,650,311	20,270,361
<b>SPECIAL ASSESSMENTS AND SPECIAL CHARGES</b>					
Refuse removal	389,470	389,035	393,675	395,850	399,765
BID District	70,000	70,000	70,000	72,800	74,800
Other	1,644	857	-	-	-
Total Special Assessments and Special Charges	461,114	459,892	463,675	468,650	474,565
<b>DELINQUENT UTILITY CHARGES</b>					
Water Utility	7,775	5,580	6,747	8,716	12,297
Sewer Fund	26,472	4,884	5,307	45,696	12,002
Total Delinquent Utility Charges	34,247	10,464	12,054	54,412	24,299
<b>TOTAL TAX ROLL</b>	\$ 21,271,400	\$ 21,403,867	\$ 21,151,651	\$ 21,173,373	\$ 20,769,225
<b>ASSESSED VALUATION</b>	\$ 1,165,405,100	\$ 1,172,829,300	\$ 1,191,366,660	\$ 1,220,238,000	\$ 1,235,439,551
<b>EQUALIZED VALUATION</b>	\$ 1,167,590,600	\$ 1,189,880,500	\$ 1,210,941,600	\$ 1,288,968,100	\$ 1,322,284,700
<b>RATIO OF ASSESSMENT</b>	99.81%	98.57%	98.38%	94.67%	93.43%