

VILLAGE OF HARTLAND

Hartland, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

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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, 2016, 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.

To the Village Board
Village of Hartland

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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 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 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 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.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
April 17, 2017

Village of Hartland
2016 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, 2016. 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 9,141 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 2016 by \$40,746,134 (net position). Of this amount, \$11,467,728 (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 (\$28,850,040) 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 related to pension 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 pension plan in order to demonstrate how well funded the entire pension plan is based on actuarial assessments at a point in time. It does not necessarily represent an asset or liability of the Village.
- ❖ As shown on pages 17 and 18 of this report, the Village of Hartland's total net position increased by \$3,277,141 from \$37,468,993 in 2015 to \$40,746,134 in 2016. A significant amount of this increase is attributed to infrastructure installed by developers and donated to the Village. The funds comprising Governmental Activities realized a \$462,934 increase in net position. The funds comprising Business-type Activities realized a \$2,814,207 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.
- ❖ As of the close of 2016, the Village of Hartland's governmental funds reported combined ending funding balances of \$8,789,150. This is a decrease of \$1,467,068 in comparison with the prior year's balance of \$10,256,218. The decrease was primarily due anticipated

Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

expenditures for capital projects and economic development (TIF) activities during 2016. Additionally, during 2016, no debt was issued by the Village. The 2016 and 2017 Capital Project are currently funded by the 2015 debt borrowing resulting in a reduction in the fund's balance. Shown on pages 19 to 24 of this report.

- ❖ Twelve percent (12%), or \$1,043,982, of the Village's governmental fund balance, which includes all activities of the Village except the Water and Sewer Utilities, is available for spending at the Village's discretion (unassigned). The amount available is currently being offset, or reduced, by obligations in TIF Districts #4, #5 and #6 in the amount of \$1,547,722. 47% (\$4,101,658) of the fund balance is assigned by the Village for specific purposes. 24% of the fund balance is Restricted or Committed by the Village or statutes to be spent for specific purposes. The remaining 17% of fund balance is considered nonspendable as it relates to non-current receivables and prepayments. Shown on pages 19 and 20 of this report.
- ❖ When considered as a gross figure (not reduced by the TIF #4, TIF #5 or TIF #6 fund obligations), the General Fund unassigned fund balance totals \$2,591,704. This is equal to 37% 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 \$1,043,982 in unassigned fund balance referenced above is about 15% of the general fund operating revenues. Shown on pages 19 and 20 of this report.
- ❖ The Village of Hartland's total debt related to governmental activities had principal payments of \$784,854 during 2016. Total general obligation debt for the business-type activities had principal payments of \$135,000. 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 (2010 – 2015), 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).

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

Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

general government, public safety, public works, environmental services, cemetery, library, parks and recreation. The governmental activities of the Village also include the Hartland Business Improvement District, which is a component unit of the Village. In 2007, the Hartland Business Improvement District (BID) was created by the Village of Hartland at the request of property and business owners in Village Center to provide focused services and economic assistance in the downtown consistent with state statutes. The Village assists by managing the BID's revenues, expenses and audit process via a separate fund. The business type activities of the Village of Hartland include the Water Utility and the Sewer Utility.

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Hartland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Hartland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

The Village of Hartland adopts an annual appropriated budget for all major funds and most of the nonmajor funds as required by state statute. Budgetary comparison statements have been provided

Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

for the general fund, TIF #4 special revenue fund, TIF #5 special revenue fund and the TIF #6 special revenue fund as part of the required supplementary information on pages 70 to 73.

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

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

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

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

Fiduciary funds – page 30. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary 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 fiduciary 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 fiduciary funds is much like that used for governmental funds.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In recent years, the net position of the Village has increased and decreased annually based on the particulars of a given fiscal year. In the last five years, the total assets/net position of the Village has increased by 10% (\$3.74 million) to \$40,746,134. A majority of this difference is from developer infrastructure contributions and overall growth of funds.

In the case of the Village of Hartland, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40,746,134 at the close of 2016. By far, the largest portion of the Village of Hartland's net position (71%) is found in net investment of capital assets which is capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Hartland uses these capital assets to provide services to citizens; consequently, these **assets are not available** for future spending. Although the Village of Hartland's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Hartland

2016 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 NET POSITION						
	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$ 15,786,407	\$ 17,726,569	\$ 6,381,370	\$ 6,016,713	\$ 22,167,777	\$ 23,743,282
Capital Assets	<u>25,968,356</u>	<u>24,575,494</u>	<u>17,060,334</u>	<u>14,786,424</u>	<u>43,028,690</u>	<u>39,361,918</u>
TOTAL ASSETS	<u>41,754,763</u>	<u>42,302,063</u>	<u>23,441,704</u>	<u>20,803,137</u>	<u>65,196,467</u>	<u>63,105,200</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to pensions	2,216,688	617,439	308,011	86,990	2,524,699	704,429
Refunding loss	<u>120,138</u>	<u>144,812</u>	<u>34,279</u>	<u>38,563</u>	<u>154,417</u>	<u>183,375</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,336,826</u>	<u>762,251</u>	<u>342,290</u>	<u>125,553</u>	<u>2,679,116</u>	<u>887,804</u>
LIABILITIES						
Long-term liabilities outstanding	14,290,328	14,702,661	4,763,547	5,126,371	19,053,875	19,829,032
Current and other liabilities	<u>687,817</u>	<u>649,946</u>	<u>532,367</u>	<u>244,344</u>	<u>1,220,184</u>	<u>894,290</u>
TOTAL LIABILITIES	<u>14,978,145</u>	<u>15,352,607</u>	<u>5,295,914</u>	<u>5,370,715</u>	<u>20,274,059</u>	<u>20,723,322</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	5,907,777	5,800,689	-	-	5,907,777	5,800,689
Deferred inflows related to pensions	<u>83,175</u>	<u>-</u>	<u>115,898</u>	<u>-</u>	<u>947,613</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,739,492</u>	<u>5,800,689</u>	<u>115,898</u>	<u>-</u>	<u>6,855,390</u>	<u>5,800,689</u>
NET POSITION						
Net investment in capital assets	14,053,435	13,180,637	14,796,605	12,637,604	28,850,040	25,818,241
Restricted	428,941	945,645	-	86,041	428,941	1,031,686
Unrestricted	<u>7,891,576</u>	<u>7,784,736</u>	<u>3,575,577</u>	<u>2,834,330</u>	<u>11,467,153</u>	<u>10,619,066</u>
TOTAL NET POSITION	<u>\$ 22,373,952</u>	<u>\$ 21,911,018</u>	<u>\$ 18,372,182</u>	<u>\$ 15,557,975</u>	<u>\$ 40,746,134</u>	<u>\$ 37,468,993</u>

Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

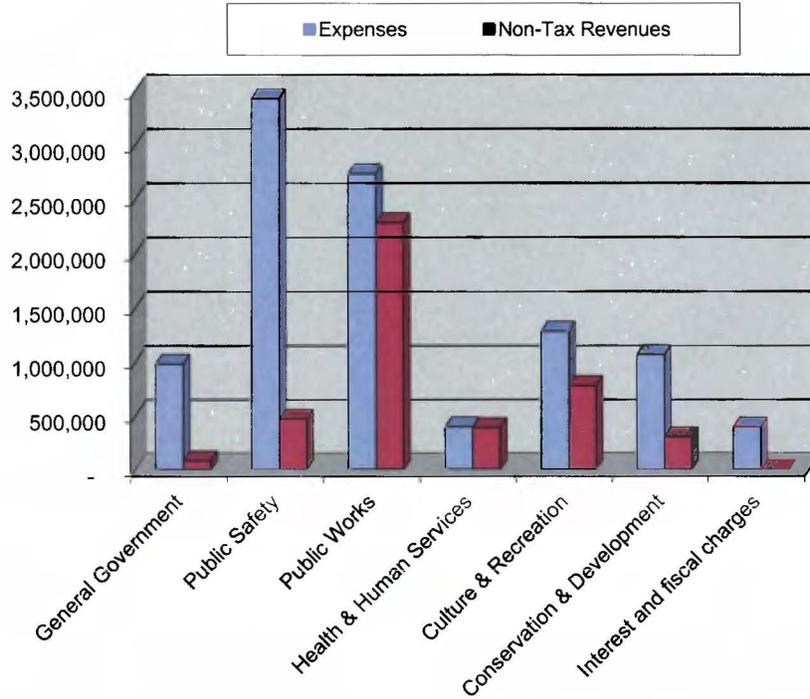
Following is a chart of the net position of the Village of Hartland. We are presenting the financial statements in this reporting model with a comparison to the prior year.

VILLAGE OF HARTLAND'S CHANGES IN NET POSITION								
For the year ending December 31								
	<u>Governmental Activities</u>		<u>Business Type Activity - Water Utility</u>		<u>Business Type Activity - Sewer Utility</u>		<u>Total</u>	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
<i>Program Revenues</i>								
Charges for services	\$ 1,979,901	\$ 1,718,601	\$ 1,375,260	\$ 1,329,877	\$ 1,870,542	\$ 1,440,473	\$ 5,225,703	\$ 4,488,951
Oper grants and contributions	958,754	989,475	-	-	-	-	958,754	989,475
Capital grants and contributions	1,392,212	-	1,717,594	-	811,295	-	3,921,101	-
<i>General Revenues</i>								
Property Taxes	5,386,569	5,224,992	-	-	-	-	5,386,569	5,224,992
Inter governmental revenues not restricted to specific programs	558,029	523,473	-	-	-	-	558,029	523,473
Investment income	83,556	83,636	8,863	3,435	71,601	72,471	164,020	159,542
Miscellaneous	165,557	156,083	-	-	-	-	165,557	156,083
Gain on disposal of assets	20,600	5,003	-	-	-	-	20,600	5,003
Transfers	225,209	234,031	(218,059)	(226,917)	(7,150)	(7,114)	-	-
Total Revenues	<u>10,770,387</u>	<u>8,935,294</u>	<u>2,883,658</u>	<u>1,106,395</u>	<u>2,746,288</u>	<u>1,505,830</u>	<u>16,400,333</u>	<u>11,547,519</u>
Expenses								
<i>Primary Government</i>								
General government	984,677	922,836	-	-	-	-	984,677	922,836
Public Safety	3,432,040	3,132,401	-	-	-	-	3,432,040	3,132,401
Public Works	2,739,811	2,526,308	-	-	-	-	2,739,811	2,526,308
Health & Sanitation	398,886	395,456	-	-	-	-	398,886	395,456
Culture & Recreation	1,285,112	1,189,887	-	-	-	-	1,285,112	1,189,887
Conservation & Development	1,069,744	834,201	-	-	-	-	1,069,744	834,201
Interest & fiscal charges	397,183	432,503	55,768	62,630	63,097	70,693	516,048	565,826
<i>Business Type Activities</i>								
Water Utility	-	-	1,218,183	1,122,838	-	-	1,218,183	1,122,838
Sewer Utility	-	-	-	-	1,478,691	1,459,912	1,478,691	1,459,912
Total Expenses	<u>10,307,453</u>	<u>9,433,592</u>	<u>1,273,951</u>	<u>1,185,468</u>	<u>1,541,788</u>	<u>1,530,605</u>	<u>13,123,192</u>	<u>12,149,665</u>
Change in Net Position	462,934	(498,298)	1,609,707	(79,073)	1,204,500	(24,775)	3,277,141	(602,146)
TOTAL NET POSITION - JAN 1	<u>21,911,018</u>	<u>22,409,316</u>	<u>9,869,963</u>	<u>9,949,036</u>	<u>5,688,012</u>	<u>5,712,787</u>	<u>37,468,993</u>	<u>38,071,139</u>
TOTAL NET POSITION - DEC 31	<u>\$22,373,952</u>	<u>\$ 21,911,018</u>	<u>\$ 11,479,670</u>	<u>\$ 9,869,963</u>	<u>\$ 6,892,512</u>	<u>\$ 5,688,012</u>	<u>\$40,746,134</u>	<u>\$37,468,993</u>

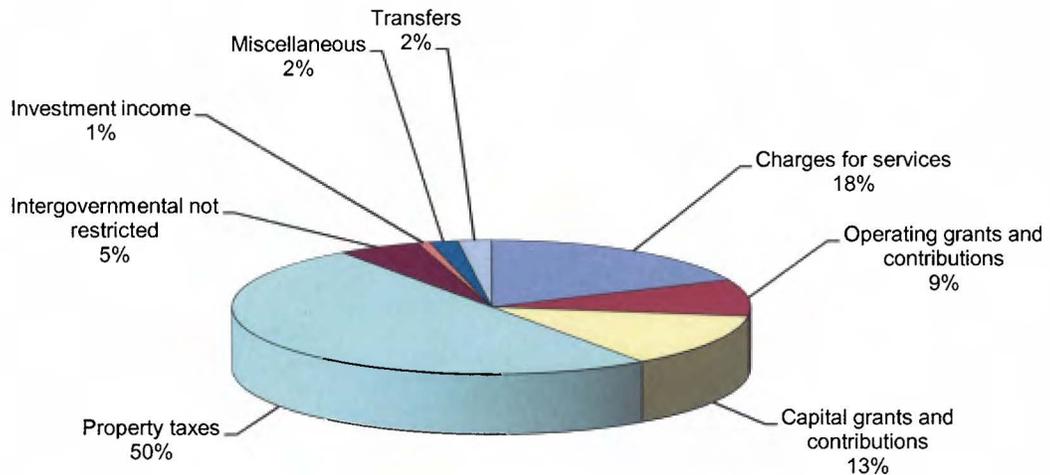
Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

Expenses & Program Revenues - Governmental Activities



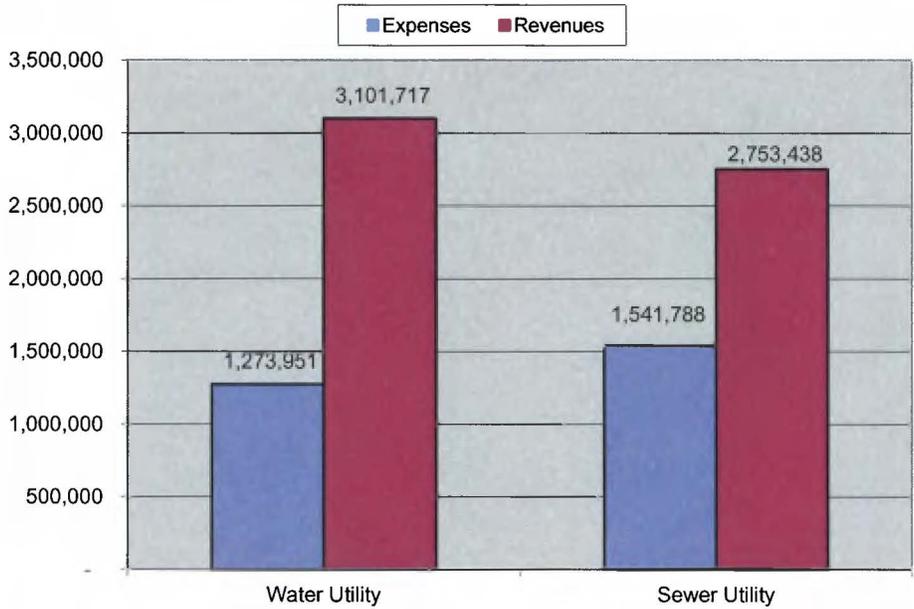
Program & General Revenues by Source - Governmental Activities



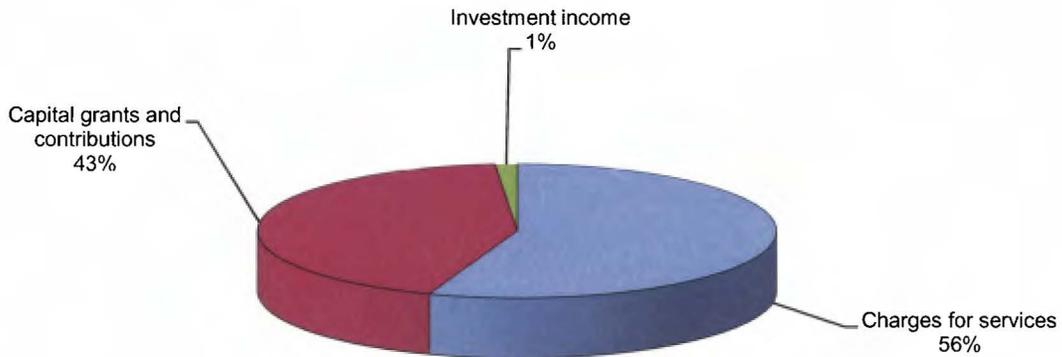
Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

Expenses & Program Revenues - Business-Type Activities



Revenues by Source - Business-type Activities



Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

General Budgetary Highlights

The budget for the 2016 fiscal year was officially amended by the Village Board to reflect certain portions of excess revenues anticipated to be received and to reflect related additional expenses that were anticipated. The amendment acknowledged expected increased revenue related to building permits and increased expenses related to building inspection and contingencies. The revised, final budget remained a balanced budget wherein revenues and expenditures were equal. In the final analysis, however, the General Fund posted an actual excess of revenues and other financing sources over expenditures and other financing uses of \$471,394. The Village of Hartland's 2016 operating budget received 105.2% of its final budgeted revenues and spent 98.4% of its final budgeted expenses. All revenue budget categories were higher than budgeted due partially to the following:

- Grant revenue was \$59,189 more than budgeted in 2016.
- Ambulance billings were \$68,436 more than budgeted in 2016.
- Donations and miscellaneous revenues were \$51,198 more than budgeted in 2016.

On the expenditure side, all departments worked diligently to stay within the annual budget as there was constant monitoring of expenditures throughout the year. There were only three instances where operating expenditures were over budget. The three areas over budget were Police which was over by \$34,722 mainly due to overtime and employee benefits; Fire Protection, which was over budget by \$9,610, due to salary adjustments; and Parks, which was over budget by \$70,176 due to an increase in our recreation programs offered. The other operating accounts came in under budget to make our overall expenses approximately 1.6% 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 187% while expenses came in at 90% of budget resulting in a gain. The rate for 2016 has been in effect since December 16, 2015. During 2016, a full rate case was submitted to the Public Service Commission, which approved an average of approximately 29.0% rate increase effective the first quarter of 2017. In the past, the use of unrestricted net position had allowed the operation to continue either without a rate increase or only small adjustments. The new rate increase is intended to help the water utility fund and maintain the water system and infrastructure.
- Total revenues for the Sewer Utility were 186% of budget and the expenses were at 100% 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 2016, the balance available for lift station maintenance was \$283,011. 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 \$711,536.
- 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 2017 budget process, the Sewer Utility rate was increased an additional 5% effective December 2016. The financial health of the Sewer Utility will continue to be evaluated on a yearly basis.

Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

As discussed earlier, the Village's TIF Districts #4, #5 and #6 show expenses (at pages 22 and 45 of this document) in excess of \$650,000, which further increase the Village's deficit in this area. 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. In TIF District #6, expenses related to the developer agreement for infrastructure make up a majority of 2016's overall TIF-related expenditures.

For the first time since 2007, interest rates increased by an appreciable amount. The interest rates during 2016 more than doubled thus increasing interest income for all funds. The Village has \$3.5 million with a local bank in a CDARS program that is earning 0.7% annually. The Village also has a repurchase agreement account with an ending balance of \$20,411,439 and an ending interest rate of 0.58%. The Village has \$301,000 in the Local Government Investment Pool earning 0.45% 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 capital assets of the Village of Hartland are managed through a five year capital improvement plan for both governmental and business-type activities. Projects in the capital improvement plan include the purchase or improvement of land for Village purposes and construction or major improvement to buildings, park facilities, streets, street lighting, tree planting, sidewalks, curb and gutter, storm sewers, sanitary sewer facilities and water facilities. The majority of activities included in the capital improvement plan are generally funded by borrowing for up to three years' worth of projects at a time. The Village of Hartland maintains records related to all of its capital facilities in either our geographical information system (GIS) database or a fixed asset program. The computerization of these records has improved the availability and quality of our records system, which has streamlined the planning process and made it easier to manage these assets.

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

The Village of Hartland 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 Renson, Sweet Briar, Pine Grove, Evergreen, Church, Nixon and Lawn streets in the amount of \$812,709.
- Mill Place pathway paving in the amount of \$90,929
- Fire Department ADA bathroom upgrade for \$19,874
- Motorola Radio replacement for all departments totaling \$275,079
- Two Police SUV's in the amount of \$76,775.

Village of Hartland
2016 Management's Discussion and Analysis (cont.)
(Unaudited)

- Two Public Works trucks, a Ford F150 and Ford F350 totaling \$80,758.
- Developer infrastructure contributions totaling \$1,392,212 consisting of Roads, Pathways and Storm Sewer in the Windrush and Sanctuary of Hartland subdivisions and the Riverwalk development downtown.

In the business type activities, the Water Utility purchased meters for \$97,522, hydrants for \$96,750, main valve replacement for \$195,817, a trench shield for \$10,445 and developer water system contributions totaling \$1,717,594 in the aforementioned developments. The Sewer Utility purchased two sewer flow meters totaling \$34,035 and had developer sewer system contributions totaling \$811,295 in the aforementioned developments.

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 2016, the Village bond rating was Aa2, which was in place when the Village executed the most recent borrowing in December of 2015. 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 2016, the total amount of general obligation outstanding debt was \$15,654,123. This is equal to less than 1.29% of the Village of Hartland's 2016 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 2016 equalized value of \$1,210,941,600 the Village of Hartland's allowable indebtedness is \$60,547,080 (5% of the equalized value). At the end of 2016, the Village has used 25.85% of its allowable indebtedness. This debt amount is comprised of \$15,654,123 of general obligation bonds. As discussed previously, there was no new debt issued during 2016.

84% of the Village's overall debt is related to governmental activities. The Water Utility owes fifteen percent of the debt and the Sewer Utility owes less than one half of one percent (<0.5%) of the debt. The 2015 borrowing was for Bristlecone Pines subdivision valve and hydrant replacements and repaving of a drive at Well #3.

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 at December 31, 2015 is \$2,148,967.

More information on the Village of Hartland's long-term debt can be found on pages 53 through 55.

General Economic Factors

Management remains cognizant of changes in many economic factors created in and after the economic downturn that occurred beginning in 2008 that have brought about what are likely permanent changes to the "normal" practices. While 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 see a decline in property values, which continued to 2013. Through January of

Village of Hartland

2016 Management's Discussion and Analysis (cont.)

(Unaudited)

2013, the Village's equalized value had decreased by approximately 11% below the 2008 figure. However, home and commercial property prices stabilized and began to rise while commercial vacancy rates dropped in the Village. In 2016, the Village's equalized value again increased just under 2% but remains about 4% below the pre-2008 figures. In addition to growth from improved property values, the Village saw a small amount of growth from two new residential subdivisions approved in 2014, constructed in 2015 and will begin to see house construction and occupancies in 2016. It is expected that this growth will continue. In addition, another subdivision and a downtown mixed use development were approved in 2015 and under construction in 2016. Growth in the Village's overall tax base will continue to grow as these developments build out and fill up. The Village continues to be approached about other potential subdivisions and developments, which may be considered in 2017 and beyond.

Additionally, the Village continues to see growth in the commercial sector. Several of the Village's industrial and large commercial businesses have need for growth and are seeking that growth in their existing Hartland locations. Major expansions and increases in activity have occurred at a number of these larger commercial enterprises and Village staff have been approached about several other expansions and in-Village relocations to larger facilities. After Village approval in 2015 and 2016, expansions occurred at commercial facilities in both commercial parks and a new office building was constructed in the downtown. These factors continue to demonstrate the improving forecast. Despite the difficulties of the last few years, 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; and maintaining our healthy reserves. 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.

Downtown Factors

In 2008, prior to the downturn, the Village of Hartland created a new downtown redevelopment tax incremental financing district or TIF #4. The timing of the new district was challenging and its size was almost immediately reduced (2011) to mitigate the value loss it experienced. While it recovered some and despite a significant redevelopment on E. Capitol Drive, other properties have lost value and there continued to be no positive increment value on which to calculate a tax. In 2015, the Village again reduced the size 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, the TIF District #4 generated positive increment on which taxes were levied creating tax revenue in the district for the first time. It is expected that this will continue and the taxes generated will cover the cost of the loans made by the Village/TIF District to support the redevelopment. Additional information about TIF District #4 can be found in the 100 Percent Expenditure Audit for the district, which was completed in 2016 for the years up to December 31, 2015.

In 2015, the Village created a Mixed Use Tax Increment Financing District (TIF #6) to support the aforementioned mixed use redevelopment on E. Capitol Drive in the downtown. The development caused the demolition and redevelopment of a commercial building and three residential structures (two of which were demolished by the Village several years ago) into a new mixed use commercial building and two residential buildings comprising 77 residential units and 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 in the redevelopment area. Once construction is complete, the TIF #6 is expected to generate more than \$8 million in property value. It is expected that a portion of the new value will be realized in the 2017 assessment role with full value realized in the 2018 role.

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

Village of Hartland

2016 Management's Discussion and Analysis (cont.) (Unaudited)

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 and loan programs 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 making matching grants to eligible property owners. The Business Improvement District has remained successful and is seeking ways to expand its reach to additional commercial properties adjacent to the current District boundaries. Additionally, the District was a significant factor in the Village achieving its status as an Ice Age Trail Community and it remains an active participant in this ongoing cross marketing relationship with the Ice Age Trail Alliance.

Other Factors

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

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

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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Business Improvement District
ASSETS				
Cash and investments	\$ 9,468,530	\$ 3,295,875	\$ 12,764,405	\$ 43,049
Receivables (net)				
Taxes	5,896,171	12,055	5,908,226	70,000
Accounts	87,783	638,204	725,987	-
Delinquent personal property taxes	1,260	-	1,260	-
Accrued interest	16,214	-	16,214	-
Loans	316,449	-	316,449	-
Inventories and prepaid items	-	14,920	14,920	-
Restricted assets				
Cash and investments	-	261,500	261,500	-
Accrued interest	-	9,849	9,849	-
Loans	-	2,148,967	2,148,967	-
Capital assets (net of accumulated depreciation)				
Land	612,637	22,291	634,928	-
Construction in progress	6,734	3,521	10,255	-
Other capital assets, net of depreciation	25,348,985	17,034,522	42,383,507	-
Total Assets	<u>41,754,763</u>	<u>23,441,704</u>	<u>65,196,467</u>	<u>113,049</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pensions	2,216,688	308,011	2,524,699	-
Refunding loss	120,138	34,279	154,417	-
Total Deferred Outflows of Resources	<u>2,336,826</u>	<u>342,290</u>	<u>2,679,116</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 426,068	\$ 507,848	\$ 933,916	\$ 1,480
Accrued interest payable	87,892	24,519	112,411	-
Deposits	173,422	-	173,422	-
Due to other governmental units	435	-	435	-
Noncurrent liabilities				
Due within one year	915,560	477,584	1,393,144	-
Due in more than one year	12,979,558	4,230,891	17,210,449	-
Net pension liability	395,210	55,072	450,282	-
Total Liabilities	<u>14,978,145</u>	<u>5,295,914</u>	<u>20,274,059</u>	<u>1,480</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	5,907,777	-	5,907,777	70,000
Deferred inflow related to pensions	831,715	115,898	947,613	-
Total Deferred Inflows of Resources	<u>6,739,492</u>	<u>115,898</u>	<u>6,855,390</u>	<u>70,000</u>
NET POSITION				
Net investment in capital assets	14,053,435	14,796,605	28,850,040	-
Restricted for				
Library	79,418	-	79,418	-
Impact fees	261,135	-	261,135	-
EMS Act 102	14,806	-	14,806	-
Developer fund	575	-	575	-
Debt service	73,007	-	73,007	-
Unrestricted	<u>7,891,576</u>	<u>3,575,577</u>	<u>11,467,153</u>	<u>41,569</u>
TOTAL NET POSITION	<u>\$ 22,373,952</u>	<u>\$ 18,372,182</u>	<u>\$ 40,746,134</u>	<u>\$ 41,569</u>

VILLAGE OF HARTLAND

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 984,677	\$ 82,673	\$ -	\$ -
Public safety	3,432,040	416,039	58,010	-
Public works	2,739,811	267,953	628,084	1,392,212
Health and human services	398,886	392,694	-	-
Culture, education and recreation	1,285,112	512,793	272,660	-
Conservation and development	1,069,744	307,749	-	-
Interest and fiscal charges	397,183	-	-	-
Total Governmental Activities	<u>10,307,453</u>	<u>1,979,901</u>	<u>958,754</u>	<u>1,392,212</u>
Business-type Activities				
Water Utility	1,281,825	1,383,134	-	1,717,594
Sewer Utility	1,541,788	1,870,542	-	811,295
Total Business-type Activities	<u>2,823,613</u>	<u>3,253,676</u>	<u>-</u>	<u>2,528,889</u>
Total Primary Government	<u>\$ 13,131,066</u>	<u>\$ 5,233,577</u>	<u>\$ 958,754</u>	<u>\$ 3,921,101</u>
Component Unit				
Business improvement district	<u>\$ 67,536</u>	<u>\$ -</u>	<u>\$ 9,580</u>	<u>\$ -</u>

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
\$ (902,004)	\$ -	\$ (902,004)	\$ -
(2,957,991)	-	(2,957,991)	-
(451,562)	-	(451,562)	-
(6,192)	-	(6,192)	-
(499,659)	-	(499,659)	-
(761,995)	-	(761,995)	-
(397,183)	-	(397,183)	-
<u>(5,976,586)</u>	<u>-</u>	<u>(5,976,586)</u>	<u>-</u>
-	1,818,903	1,818,903	-
-	1,140,049	1,140,049	-
-	<u>2,958,952</u>	<u>2,958,952</u>	-
<u>(5,976,586)</u>	<u>2,958,952</u>	<u>(3,017,634)</u>	-
-	-	-	<u>(57,956)</u>
4,253,228	-	4,253,228	-
1,117,677	-	1,117,677	-
15,664	-	15,664	-
-	-	-	70,000
558,029	-	558,029	-
83,556	80,464	164,020	-
165,557	-	165,557	250
20,600	-	20,600	-
<u>6,214,311</u>	<u>80,464</u>	<u>6,294,775</u>	<u>70,250</u>
<u>225,209</u>	<u>(225,209)</u>	<u>-</u>	<u>-</u>
462,934	2,814,207	3,277,141	12,294
<u>21,911,018</u>	<u>15,557,975</u>	<u>37,468,993</u>	<u>29,275</u>
<u>\$ 22,373,952</u>	<u>\$ 18,372,182</u>	<u>\$ 40,746,134</u>	<u>\$ 41,569</u>

VILLAGE OF HARTLAND

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2016

	Special Revenue Funds			
	General	TIF #4	TIF #5	TIF #6
ASSETS				
Assets				
Cash and investments	\$ 4,392,275	\$ -	\$ -	\$ -
Receivables				
Taxes	4,258,660	19,462	17,342	-
Delinquent personal property tax	1,260	-	-	-
Accrued interest	16,214	-	-	-
Accounts	87,783	-	-	-
Loans	-	214,951	101,498	-
Due from other funds	1,547,722	-	-	-
Total Assets	\$ 10,303,914	\$ 234,413	\$ 118,840	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 263,942	\$ -	\$ -	\$ -
Accrued liabilities	21,573	-	-	-
Due to other governments	435	-	-	-
Due to other funds	-	641,621	77,591	828,510
Deposits	173,422	-	-	-
Total Liabilities	459,372	641,621	77,591	828,510
Deferred Inflows of Resources				
Unearned revenues	4,270,266	19,462	17,342	-
Unavailable revenues	-	214,951	101,498	-
Total Deferred Inflows of Resources	4,270,266	234,413	118,840	-
Fund Balances (Deficits)				
Nonspendable	1,548,982	-	-	-
Restricted	14,806	-	-	-
Committed	-	-	-	-
Assigned	1,418,784	-	-	-
Unassigned (Deficits)	2,591,704	(641,621)	(77,591)	(828,510)
Total Fund Balances (Deficits)	5,574,276	(641,621)	(77,591)	(828,510)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,303,914	\$ 234,413	\$ 118,840	\$ -

Debt Service	Capital Projects Funds		Nonmajor Governmental Funds	Totals
	Village Projects	Corporate Reserve		
\$ 160,899	\$ 2,866,796	\$ 1,379,400	\$ 491,527	\$ 9,290,897
1,207,032	-	-	393,675	5,896,171
-	-	-	-	1,260
-	-	-	-	16,214
-	-	-	-	87,783
-	-	-	-	316,449
-	-	-	-	1,547,722
<u>\$ 1,367,931</u>	<u>\$ 2,866,796</u>	<u>\$ 1,379,400</u>	<u>\$ 885,202</u>	<u>\$ 17,156,496</u>
\$ -	\$ 93,239	\$ -	\$ 42,787	\$ 399,968
-	-	-	-	21,573
-	-	-	-	435
-	-	-	-	1,547,722
-	-	-	-	173,422
-	93,239	-	42,787	2,143,120
1,207,032	-	-	393,675	5,907,777
-	-	-	-	316,449
<u>1,207,032</u>	-	-	<u>393,675</u>	<u>6,224,226</u>
-	-	-	-	1,548,982
160,899	1,470,083	-	341,128	1,986,916
-	-	-	107,612	107,612
-	1,303,474	1,379,400	-	4,101,658
-	-	-	-	1,043,982
<u>160,899</u>	<u>2,773,557</u>	<u>1,379,400</u>	<u>448,740</u>	<u>8,789,150</u>
<u>\$ 1,367,931</u>	<u>\$ 2,866,796</u>	<u>\$ 1,379,400</u>	<u>\$ 885,202</u>	<u>\$ 17,156,496</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, 2016

Total Fund Balances - Governmental Funds	\$ 8,789,150
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	6,734
Other capital assets	41,867,899
Less: Accumulated depreciation	(16,518,914)
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	316,449
The net pension liability does not relate to current financial resources and is not reported in the governmental funds	(395,210)
The deferred outflows of resources related to pensions do not relate to current financial resources and, therefore, is not reported in the governmental funds	2,216,688
The deferred inflows of resources related to pensions do not relate to current financial resources and, therefore, is not reported in the governmental funds	(831,715)
Internal service funds are reported in the statement of net position as governmental activities	173,106
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)	(13,385,004)
Compensated absences	(389,976)
Accrued interest payable	(87,892)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 22,373,952</u>

VILLAGE OF HARTLAND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General	Special Revenue Funds		
		TIF #4	TIF #5	TIF #6
REVENUES				
Taxes	\$ 4,253,228	\$ 9,077	\$ 23,743	\$ -
Intergovernmental	1,424,354	2,342	278	-
Licenses and permits	389,546	-	-	-
Fines, forfeitures and penalties	70,804	-	-	-
Public charges for services	776,601	-	-	-
Public improvement revenues	-	-	-	-
Interdepartmental revenue	53,700	-	-	-
Investment income	36,655	-	-	-
Miscellaneous revenues	105,896	-	-	-
Total Revenues	7,110,784	11,419	24,021	-
EXPENDITURES				
Current				
General government	854,711	170	170	170
Police	2,360,314	-	-	-
Fire protection	645,643	-	-	-
Public works	1,376,372	-	-	-
Health and human services	13,753	-	-	-
Library	674,629	-	-	-
Parks	396,901	-	-	-
Conservation and development	203,848	3,650	360	658,764
Capital Outlay	49,245	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	6,575,416	3,820	530	658,934
Excess (deficiency) of revenues over expenditures	535,368	7,599	23,491	(658,934)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,042	-	-	-
Transfers in	225,209	-	-	-
Transfers out	(290,225)	-	-	(5,000)
Total Other Financing Sources (Uses)	(63,974)	-	-	(5,000)
Net Change in Fund Balances	471,394	7,599	23,491	(663,934)
FUND BALANCES (DEFICITS) - Beginning of Year	5,102,882	(649,220)	(101,082)	(164,576)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 5,574,276	\$ (641,621)	\$ (77,591)	\$ (828,510)

Debt Service	Capital Projects Funds		Nonmajor Governmental Funds	Totals
	Village Projects	Corporate Reserve		
\$ 1,117,677	\$ -	\$ -	\$ -	\$ 5,403,725
-	-	-	54,896	1,481,870
-	-	-	-	389,546
-	-	-	-	70,804
-	-	-	772,507	1,549,108
-	-	-	13,247	13,247
-	-	-	-	53,700
2,971	19,549	8,166	2,968	70,309
-	-	-	-	105,896
<u>1,120,648</u>	<u>19,549</u>	<u>8,166</u>	<u>843,618</u>	<u>9,138,205</u>
-	-	-	-	855,221
-	-	-	26,241	2,386,555
-	-	-	-	645,643
-	-	-	-	1,376,372
-	-	-	382,477	396,230
-	-	-	36,358	710,987
-	-	-	-	396,901
-	9,580	-	-	876,202
-	1,282,612	541,385	164,242	2,037,484
-	-	-	-	-
780,000	4,854	-	-	784,854
395,950	-	-	-	395,950
<u>1,175,950</u>	<u>1,297,046</u>	<u>541,385</u>	<u>609,318</u>	<u>10,862,399</u>
<u>(55,302)</u>	<u>(1,277,497)</u>	<u>(533,219)</u>	<u>234,300</u>	<u>(1,724,194)</u>
-	-	30,875	-	31,917
-	-	290,225	37,146	552,580
-	(32,146)	-	-	(327,371)
-	(32,146)	321,100	37,146	257,126
(55,302)	(1,309,643)	(212,119)	271,446	(1,467,068)
<u>216,201</u>	<u>4,083,200</u>	<u>1,591,519</u>	<u>177,294</u>	<u>10,256,218</u>
\$ 160,899	\$ 2,773,557	\$ 1,379,400	\$ 448,740	\$ 8,789,150

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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, 2016

Net change in fund balances - total governmental funds	\$ (1,467,068)
--	----------------

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,037,484
Some items reported as capital outlay were not capitalized	(580,203)
Depreciation is reported in the government-wide statements	(1,445,513)
Net book value of assets retired	(11,118)

Contributed capital assets are reported as revenues in the government-wide financial statements.	1,392,212
--	-----------

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.	(17,156)
---	----------

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	784,854

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	(4,852)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Net pension liability	(1,001,913)
Deferred outflows of resources related to pensions	1,599,249
Deferred inflows of resources related to pensions	(831,715)
Compensated absences	2,867
Accrued interest on debt	3,619

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.	
	2,187

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>462,934</u>
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VILLAGE OF HARTLAND

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
ASSETS				
Current Assets				
Cash and investments	\$ 1,253,332	\$ 2,042,543	\$ 3,295,875	\$ 177,633
Receivables				
Accounts	303,676	334,528	638,204	-
Taxes	6,748	5,307	12,055	-
Inventories and prepayments	14,920	-	14,920	-
Restricted Assets				
Cash and investments	261,500	-	261,500	-
Accrued interest	-	9,849	9,849	-
Current portion of loan receivable	-	282,584	282,584	-
Total Current Assets	<u>1,840,176</u>	<u>2,674,811</u>	<u>4,514,987</u>	<u>177,633</u>
Noncurrent Assets				
Restricted Assets				
Noncurrent portion of loan receivable	-	1,866,383	1,866,383	-
Capital Assets				
Land	22,291	-	22,291	-
Construction in progress	3,521	-	3,521	-
Property and equipment	18,380,478	9,598,092	27,978,570	-
Accumulated depreciation	<u>(6,297,567)</u>	<u>(4,646,481)</u>	<u>(10,944,048)</u>	<u>-</u>
Total Noncurrent Assets	<u>12,108,723</u>	<u>6,817,994</u>	<u>18,926,717</u>	<u>-</u>
Total Assets	<u>13,948,899</u>	<u>9,492,805</u>	<u>23,441,704</u>	<u>177,633</u>
DEFERRED OUTFLOWS OF RESOURCES				
Refunding loss	34,279	-	34,279	-
Deferred outflow related to pensions	<u>208,656</u>	<u>99,355</u>	<u>308,011</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>242,935</u>	<u>99,355</u>	<u>342,290</u>	<u>-</u>

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 26,761	\$ 393,929	\$ 420,690	\$ 4,527
Accrued liabilities	60,923	26,235	87,158	-
Accrued interest	14,319	351	14,670	-
Current portion of general obligation debt	190,000	5,000	195,000	-
Liabilities Payable from Restricted Assets				
Accrued interest	-	9,849	9,849	-
Current portion of revenue bonds	-	282,584	282,584	-
Total Current Liabilities	<u>292,003</u>	<u>717,948</u>	<u>1,009,951</u>	<u>4,527</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	2,304,508	60,000	2,364,508	-
Net pension liability	37,254	17,818	55,072	-
Liabilities Payable from Restricted Assets				
Revenue bonds	-	1,866,383	1,866,383	-
Total Noncurrent Liabilities	<u>2,341,762</u>	<u>1,944,201</u>	<u>4,285,963</u>	<u>-</u>
Total Liabilities	<u>2,633,765</u>	<u>2,662,149</u>	<u>5,295,914</u>	<u>4,527</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pensions	<u>78,399</u>	<u>37,499</u>	<u>115,898</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>78,399</u>	<u>37,499</u>	<u>115,898</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,909,994	4,886,611	14,796,605	-
Unrestricted net position	<u>1,569,676</u>	<u>2,005,901</u>	<u>3,575,577</u>	<u>173,106</u>
TOTAL NET POSITION	<u>\$ 11,479,670</u>	<u>\$ 6,892,512</u>	<u>\$ 18,372,182</u>	<u>\$ 173,106</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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
OPERATING REVENUES				
Public charges for services	\$ 1,340,290	\$ 1,863,858	\$ 3,204,148	\$ -
Miscellaneous revenues	34,970	6,684	41,654	56,962
Total Operating Revenues	<u>1,375,260</u>	<u>1,870,542</u>	<u>3,245,802</u>	<u>56,962</u>
OPERATING EXPENSES				
Current				
Operation and maintenance	765,865	1,215,592	1,981,457	55,722
Depreciation expense	427,028	263,099	690,127	-
Taxes	25,290	-	25,290	-
Total Operating Expenses	<u>1,218,183</u>	<u>1,478,691</u>	<u>2,696,874</u>	<u>55,722</u>
Operating Income	<u>157,077</u>	<u>391,851</u>	<u>548,928</u>	<u>1,240</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	8,863	71,601	80,464	947
Interest expense	(59,357)	(63,097)	(122,454)	-
Amortization	3,589	-	3,589	-
Total Nonoperating Revenues (Expenses)	<u>(46,905)</u>	<u>8,504</u>	<u>(38,401)</u>	<u>947</u>
Income Before Transfers and Capital Contributions	<u>110,172</u>	<u>400,355</u>	<u>510,527</u>	<u>2,187</u>
TRANSFERS AND CONTRIBUTIONS				
Capital contributions	1,717,594	811,295	2,528,889	-
Transfers out	(218,059)	(7,150)	(225,209)	-
Total Transfers and Contributions	<u>1,499,535</u>	<u>804,145</u>	<u>2,303,680</u>	<u>-</u>
Change in Net Position	1,609,707	1,204,500	2,814,207	2,187
NET POSITION - Beginning of Year	<u>9,869,963</u>	<u>5,688,012</u>	<u>15,557,975</u>	<u>170,919</u>
NET POSITION - END OF YEAR	<u>\$ 11,479,670</u>	<u>\$ 6,892,512</u>	<u>\$ 18,372,182</u>	<u>\$ 173,106</u>

VILLAGE OF HARTLAND

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,373,251	\$ 1,876,801	\$ 3,250,052	\$ 56,962
Payments to vendors	(348,616)	(1,096,828)	(1,445,444)	-
Payments to employees	(355,708)	(122,137)	(477,845)	(52,908)
Payments to other funds	(33,040)	(20,660)	(53,700)	-
Net Cash Flows From Operating Activities	<u>635,887</u>	<u>637,176</u>	<u>1,273,063</u>	<u>4,054</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>8,863</u>	<u>9,984</u>	<u>18,847</u>	<u>947</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	<u>(218,059)</u>	<u>(7,150)</u>	<u>(225,209)</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(218,059)</u>	<u>(7,150)</u>	<u>(225,209)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	(130,000)	(5,000)	(135,000)	-
Interest paid	(55,045)	(1,505)	(56,550)	-
Acquisition and construction of capital assets	(404,053)	(34,036)	(438,089)	-
Sale of capital assets	2,941	-	2,941	-
Receipt of Del-Hart deposits	<u>-</u>	<u>290,713</u>	<u>290,713</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(586,157)</u>	<u>250,172</u>	<u>(335,985)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(159,466)	890,182	730,716	5,001
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,674,298</u>	<u>1,152,361</u>	<u>2,826,659</u>	<u>172,632</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,514,832</u>	<u>\$ 2,042,543</u>	<u>\$ 3,557,375</u>	<u>\$ 177,633</u>

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal
				Service Fund
	Water Utility	Sewer Utility	Totals	Dental Insurance
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 157,077	\$ 391,851	\$ 548,928	\$ 1,240
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	427,028	263,099	690,127	-
Depreciation charged to other funds	25,910	(25,910)	-	-
Amortization	(3,589)	-	(3,589)	-
Changes in assets and liabilities				
Accounts receivable	(2,011)	6,259	4,248	-
Inventory	(514)	-	(514)	-
Pension related amounts	23,157	12,833	35,990	-
Accounts payable	7,876	(11,706)	(3,830)	2,814
Accrued liabilities	953	750	1,703	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 635,887	\$ 637,176	\$ 1,273,063	\$ 4,054
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Del-Hart loan payable/receivable	\$ -	\$ 275,021		\$ -
Interest expense on Del-Hart loan payable	\$ -	\$ 62,878		\$ -
Interest earned on Del-Hart loan receivable	\$ -	\$ 62,878		\$ -
Capital assets contributed	\$ 1,717,594	\$ 811,295		\$ -

VILLAGE OF HARTLAND

**STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
As of December 31, 2016**

	<u>Agency Fund Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 11,335,517
Receivables	
Taxes	<u>3,837,908</u>
 TOTAL ASSETS	 <u>\$ 15,173,425</u>
 LIABILITIES	
Due to other governments	<u>\$ 15,173,425</u>

VILLAGE OF HARTLAND

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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Unit

Hartland Business Improvement District

The government-wide financial statements include the Hartland Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the Village board. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the BID, and also create a potential financial benefit to or burden on the Village. See Note III.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2016. The BID does not issue separate financial statements.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2016

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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

The Village reports the following major governmental funds:

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

The Village reports the following major proprietary funds:

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

The Village reports the following non-major governmental funds:

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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

Developers

In addition, the Village reports the following fund types:

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

Dental Insurance Fund

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

Tax Collection Fund

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

Government-Wide Financial Statements

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements

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

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

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

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

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

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

1. *Deposits and Investments* (cont.)

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, 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 – fiduciary fund.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

2. Receivables (cont.)

Property tax calendar – 2016 tax roll:

Lien date and levy date	November 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax Sale – 2016 delinquent real estate taxes	October 2019

Accounts receivable have been shown net of an allowance for uncollectible accounts of \$115,038 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, 2016

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements, are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair 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, 2016

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, 2016 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, 2016

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

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

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

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

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$2.21 million, made up of one issue.

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2016

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

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

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balance is displayed as follows:

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

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

10. Equity Classifications (cont.)

See Note III.H. for further information.

The Village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of at least 25% of total general fund annual revenues. The balance at year end was \$2,591,704 or 35.3%, 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 2016 were effective December 16, 2015. Effective December 16, 2016 the water rates were increased approximately 29% due to a full rate case study.

Sewer Utility

The sewer utility revenues are based on rates established by the Village Board. The 2016 rates were effective December 16, 2015. Effective December 16, 2016 the sewer rates were increased 5.0% as part of the annual budget process.

12. Pension

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service Fund	\$ 1,174,550	\$ 1,175,950	\$ 1,400
Capital Projects Funds			
Village Projects	\$ 1,293,054	\$ 1,329,192	\$ 36,138
Corporate Reserve	217,900	541,385	323,485
Special Revenue Funds			
TIF #4	\$ 317	\$ 3,820	\$ 3,503
TIF #5	317	530	213
TIF #6	317	663,934	663,617
Major Incident Task Force	-	1,219	1,219

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 \$641,621, Special Revenue - TIF #5 fund has a deficit balance of \$77,591 and Special Revenue - TIF #6 fund has a deficit balance of \$828,510 at December 31, 2016. 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, 2016

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 24,102,921	\$ 24,395,335	Custodial Credit
LGIP	301,000	301,000	Credit
Petty cash	550	-	Not Applicable
Total Cash and Investments	<u>\$ 24,404,471</u>	<u>\$ 24,696,335</u>	

Reconciliation to financial statements:

Per statement of net position

Unrestricted cash and investments	\$ 12,764,405
Restricted cash and investments	261,500
Component unit cash and investments	43,049

Per statement of assets and liabilities –

Fiduciary Funds	11,335,517
Total Cash and Investments	<u>\$ 24,404,471</u>

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

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

The Village maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$20,411,439 to secure the Village's deposits. The remaining balance of approximately \$4 million is insured through the FDIC.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2016, \$20,411,439 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>20,411,439</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, 2016, 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 \$1,260 and loans of \$316,449.

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, 2016

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

B. RECEIVABLES (cont.)

	Unearned	Unavailable	Total
Property taxes receivable for subsequent year	\$ 5,502,496	\$ -	\$ 5,502,496
TIF Loans receivable not yet due	-	316,449	316,449
Chimney Swift Loan receivable for subsequent year	11,606	-	11,606
Charges for service - refuse and garbage collection	393,675	-	393,675
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 5,907,777	 \$ 316,449	 \$ 6,224,226
 Unearned revenue included in deferred inflows	 \$ 5,907,777		
Unavailable revenue included in deferred inflows	316,449		
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 6,224,226		

The TIF loans receivable of \$214,951 in TIF 4 and \$101,498 in TIF 5 for a total of \$316,449 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, 2016 is \$2,148,967. See Note III.F. for additional information on the corresponding debt.

C. RESTRICTED ASSETS

Cash and Investments

Restricted assets have been reported for unspent bond proceeds as cash and investments for utility projects.

Accrued Interest

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

Loans Receivable

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

Total restricted assets as of as of December 31, 2016 is \$2,420,316.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 612,637	\$ -	\$ -	\$ 612,637
Construction in progress	8,364	6,734	8,364	6,734
Total Capital Assets Not Being Depreciated/Amortized	621,001	6,734	8,364	619,371
Capital assets being depreciated/amortized				
Buildings	7,571,673	51,182	-	7,622,855
Machinery and equipment	5,300,682	489,507	82,891	5,707,298
Intangibles	152,363	-	-	152,363
Roads	14,660,194	1,578,419	228,385	16,010,228
Other infrastructure	2,906,545	263,457	-	3,170,002
Storm sewers	8,395,855	468,558	403	8,864,010
Street lighting	341,143	-	-	341,143
Total Capital Assets Being Depreciated/Amortized	39,328,455	2,851,123	311,679	41,867,899
Less: Accumulated depreciation/amortization for				
Buildings	(2,848,390)	(196,412)	-	(3,044,802)
Machinery and equipment	(3,142,141)	(386,970)	(80,193)	(3,448,918)
Intangibles	(22,596)	(12,932)	-	(35,528)
Roads	(5,362,612)	(602,978)	(219,977)	(5,745,613)
Other infrastructure	(1,552,666)	(84,658)	-	(1,637,324)
Storm sewers	(2,280,965)	(144,506)	(391)	(2,425,080)
Street lighting	(164,592)	(17,057)	-	(181,649)
Total Accumulated Depreciation/Amortization	(15,373,962)	(1,445,513)	(300,561)	(16,518,914)
Net Capital Assets Being Depreciated/Amortized	23,954,493	1,405,610	11,118	25,348,985
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	\$ 24,575,494	\$ 1,412,344	\$ 19,482	\$ 25,968,356

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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	\$ 92,761
Police	84,801
Fire and ambulance	95,077
Public works, which includes the depreciation of roads, storm sewers and street lighting	1,019,572
Library	93,683
Parks and recreation	<u>59,619</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,445,513</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 22,291	\$ -	\$ -	\$ 22,291
Construction in progress	<u>-</u>	<u>3,521</u>	<u>-</u>	<u>3,521</u>
Total Capital Assets Not Being Depreciated	<u>22,291</u>	<u>3,521</u>	<u>-</u>	<u>25,812</u>
Capital assets being depreciated				
Buildings and improvements	788,743	80,000	-	868,743
Machinery and equipment	1,274,192	44,480	-	1,318,672
Water distribution system	14,780,765	2,027,682	194,939	16,613,508
Sewer collection system	<u>8,366,352</u>	<u>811,295</u>	<u>-</u>	<u>9,177,647</u>
Total Capital Assets Being Depreciated	<u>25,210,052</u>	<u>2,963,457</u>	<u>194,939</u>	<u>27,978,570</u>
Less: Accumulated depreciation for				
Buildings and improvements	(303,915)	(25,081)	-	(328,996)
Machinery and equipment	(1,285,849)	(138,037)	-	(1,423,886)
Water distribution system	(4,663,294)	(312,977)	(191,998)	(4,784,273)
Sewer collection system	<u>(4,192,861)</u>	<u>(214,032)</u>	<u>-</u>	<u>(4,406,893)</u>
Total Accumulated Depreciation	<u>(10,445,919)</u>	<u>(690,127)</u>	<u>(191,998)</u>	<u>(10,944,048)</u>
Net Capital Assets Being Depreciated	<u>14,764,133</u>	<u>2,273,330</u>	<u>2,941</u>	<u>17,034,522</u>
Business-type Activities				
Capital Assets, Net of Depreciation	<u>\$ 14,786,424</u>	<u>\$ 2,276,851</u>	<u>\$ 2,941</u>	<u>\$ 17,060,334</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 427,028
Sewer	<u>263,099</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 690,127</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

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	\$ 641,621	\$ 641,621
General Fund	Special Revenue - TIF #5	77,591	77,591
General Fund	Special Revenue - TIF #6	<u>828,510</u>	828,510
Subtotal - Fund financial statements		1,547,722	
Less: Fund eliminations		<u>(1,547,722)</u>	
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>	

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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	\$ 218,059	Payment of tax equivalent.
General Fund	Enterprise Fund - Sewer Utility	7,150	Payment of tax equivalent.
Capital Projects Fund Corporate Reserve	General Fund	290,225	Provide financing for the purchase of equipment
Capital Projects Fund Developer Fund	Special Revenue Fund TIF #6	5,000	Provide financing for payment of engineering per developer agreement
Capital Projects Fund Developer Fund	Capital Projects Fund Village Projects	<u>32,146</u>	Provide financing for share in developer engineering expenses related to village items
Subtotal - Fund financial statements		552,580	
Less: Fund eliminations		<u>(327,371)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 225,209</u>	
<u>Entity Transferred To</u>	<u>Entity Transferred From</u>		
Governmental Activities	Business-Type Activities	<u>\$ 225,209</u>	

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 13,968,977	\$ -	\$ 784,854	\$ 13,184,123	\$ 844,854
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	340,841	-	19,822	321,019	-
Sub-total	14,309,818	-	804,676	13,505,142	844,854
Other Liabilities					
Net pension liability	(606,703)	1,001,913	-	395,210	-
Compensated absences	392,843	333,777	336,644	389,976	70,706
Sub-total	(213,860)	1,335,690	336,644	785,186	70,706
Total Governmental Activities					
Long-Term Liabilities	\$ 14,095,958	\$ 1,335,690	\$ 1,141,320	\$ 14,290,328	\$ 915,560
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,605,000	\$ -	\$ 135,000	\$ 2,470,000	\$ 195,000
Revenue Bonds Payable	2,423,988	-	275,021	2,148,967	282,584
Net pension liability	(86,041)	141,113	-	55,072	-
Add/(Subtract) Deferred Amounts For					
(Discounts)/Premiums	97,383	-	7,875	89,508	-
Total Business-type Activities					
Long-Term Liabilities	\$ 5,040,330	\$ 141,113	\$ 417,896	\$ 4,763,547	\$ 477,584

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2016, was \$60,547,080. Total general obligation debt outstanding at year end was \$15,654,123.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Type/Series	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2016
<u>Governmental Activities</u>					
General Obligation Bonds					
2006	3/1/06	2/1/25	3.5-4.1%	\$ 2,700,000	\$ 100,000
2009	2/3/09	2/1/29	2.0-4.12	3,125,000	2,425,000
2010	12/1/10	12/1/17	0.8-2.0	1,840,000	335,000
2012	11/14/12	10/1/32	2.0-3.0	3,780,000	3,315,000
2013	12/05/13	6/1/30	2.5-3.3	4,935,000	4,520,000
2014	11/10/14	2/15/22	-	38,831	29,123
2015	11/03/15	10/1/35	2.5-3.0	2,460,000	<u>2,460,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 13,184,123</u>
<u>Business-type Activities</u>					
General Obligation Bonds					
2006	3/1/06	2/1/25	3.5-4.1%	\$ 650,000	\$ 35,000
2012	11/14/12	10/1/31	2.0-3.0	2,300,000	1,920,000
2015	11/03/15	10/1/31	2.5-3.0	515,000	<u>515,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 2,470,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt			Business-type Activities General Obligation Debt		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 844,854	\$ 383,134	\$ 1,227,988	\$ 195,000	\$ 58,132	\$ 253,132
2018	819,854	360,153	1,180,007	190,000	53,676	243,676
2019	829,854	338,171	1,168,025	185,000	49,326	234,326
2020	849,854	315,128	1,164,982	195,000	45,126	240,126
2021	899,854	287,978	1,187,832	200,000	39,276	239,276
2022-2026	4,434,853	1,049,068	5,483,921	950,000	118,482	1,068,482
2027-2031	3,555,000	393,405	3,948,405	555,000	37,322	592,322
2032-2035	950,000	63,563	1,013,563	-	-	-
Totals	<u>\$ 13,184,123</u>	<u>\$ 3,190,600</u>	<u>\$ 16,374,723</u>	<u>\$ 2,470,000</u>	<u>\$ 401,340</u>	<u>\$ 2,871,340</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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 DHWPCC. The loan receivable between the Village and DHWPCC is equal to the related debt service requirements. The total principal and interest remaining to be paid on the bonds is \$2,362,214. Principal and interest paid on the debt during the year was \$337,899.

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2016</u>
Revenue Bonds 2003	6/11/03	5/1/23	2.75%	\$ 5,000,000	<u>\$ 2,148,967</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>
2017	\$ 282,584	\$ 55,211	\$ 337,795
2018	290,355	47,333	337,688
2019	298,338	39,239	337,577
2020	306,544	30,921	337,465
2021	314,974	22,376	337,350
2022-2023	<u>656,172</u>	<u>18,167</u>	<u>674,339</u>
Totals	<u>\$ 2,148,967</u>	<u>\$ 213,247</u>	<u>\$ 2,362,214</u>

OTHER DEBT INFORMATION

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

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

G. LEASE DISCLOSURES

The Village has no material leases as lessee or lessor.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (DEFICITS)

Net position reported on the government wide statement of net position at December 31, 2016 includes the following:

Governmental Activities

Net Investment in Capital Assets

Land	\$	612,637
Construction in progress		6,734
Capital assets, net of accumulated depreciation/amortization		25,348,985
Less: capital related long-term debt outstanding		(13,184,123)
Plus: unspent capital related debt proceeds		1,470,083
Plus: unamortized loss on refunding		120,138
Less: unamortized premium/discount		<u>(321,019)</u>
Total Net Investment in Capital Assets		<u>14,053,435</u>

Restricted for:

Library		79,418
Impact fees		261,135
EMS Act 102		14,806
Developer fund		575
Debt Service		<u>73,007</u>
Total Restricted		<u>428,941</u>

Unrestricted

Total Governmental Activities Net Position	\$	<u>22,373,952</u>
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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

Nonspendable

Major Fund

General Fund

Non-current receivables	\$ <u>1,548,982</u>
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Restricted

Major Funds

General Fund

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

	\$ <u>160,899</u>
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Capital Projects Fund - Village Projects - Unspent bond proceeds

	\$ <u>1,470,083</u>
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Non-Major Funds

Special Revenue Funds

Special Library Fund

	\$ <u>79,418</u>
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Impact Fees Fund

	\$ <u>261,135</u>
--	-------------------

Capital Projects Fund

Developers Fund

	\$ <u>575</u>
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Committed

Non-Major Funds

Special Revenue Funds

Refuse and Garbage Collection Fund

	\$ <u>75,685</u>
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Criminal Investigation Task Force Fund

	\$ <u>31,295</u>
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Major Incident Task Force Fund

	\$ <u>632</u>
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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Governmental Funds (cont.)

Assigned		
Major Funds		
General Fund		
Future asset purchases	\$	551,517
Future assessment		171,200
Comprehensive planning		74,622
GIS system		22,421
Veterans memorial		1,393
Employee benefits		389,976
Recreation and celebrations		22,890
Municipal donations		4,861
Fine arts		6,816
Heritage Grant		100
Police armored vest		3,176
Cemetery perpetual care		74,877
Subdivision trees		19,192
Asset forfeiture		1,476
Ambulance donations		<u>74,267</u>
Total	\$	<u>1,418,784</u>
Capital Projects Funds		
Village Projects		
Boardwalk	\$	149,031
Future development		926,697
Community center development		50,000
Library development		50,843
Future road projects		70,720
Fees in lieu of dedication		<u>56,183</u>
Total	\$	<u>1,303,474</u>
Corporate Reserve	\$	<u>1,379,400</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unassigned (Deficit)

Major Funds

General Fund	\$ 2,591,704
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Special Revenue Funds

TIF #4	\$ (641,621)
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TIF #5	\$ (77,591)
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TIF #6	\$ (828,510)
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Total Governmental Fund Balances	\$ 8,789,150
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Business-Type Activities

Net Investment in Capital Assets

Land	\$ 22,291
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Construction in progress	3,521
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Other Capital assets, net of accumulated depreciation	17,034,522
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Less: Capital related long-term debt outstanding	(2,470,000)
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Add: unspent debt proceeds	261,500
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Add: unamortized loss on refunding	34,279
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Less: unamortized premium	(89,508)
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Total Net Investment in Capital Assets	14,796,605
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Unrestricted	3,575,577
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Total Net Position	\$ 18,372,182
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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

I. COMPONENT UNIT

This report contains the Hartland Business Improvement District (BID), which is included as a component unit. Financial information is presented as a discrete column in the statement of assets 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 \$43,049 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, 2016

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information About the Pension Plan

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

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. 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 \$262,428 in contributions from the Village.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Protective with Social Security	6.6%	9.4%

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2016, the Village reported a liability of \$450,282 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Village's proportion was .02771005% which was a decrease of .00049298% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of \$538,086.

At December 31, 2016, the Village reported deferred outflows of resources related to pensions and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Summary of deferred outflows and inflows		
Differences between projected and actual experiences	\$ 76,175	\$ 947,613
Changes of actuarial assumptions	315,038	-
Net differences between projected and actual earnings on pension plan investments	1,843,588	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,521	-
Employer contributions subsequent to the measurement date	<u>275,377</u>	<u>-</u>
Totals	<u>\$ 2,524,699</u>	<u>\$ 947,613</u>

\$275,377 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 583,930	\$ 229,324
2018	583,930	229,324
2019	583,930	229,324
2020	487,093	229,324
2021	10,439	30,317

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2014
Measurement date of net pension asset	December 31, 2015
Actuarial cost method	Entry age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post Retirement adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension asset for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

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

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 3,158,293	\$ 450,282	\$ (1,664,721)

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, 2016, the Village reported a payable to the pension plan of \$57,392, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

Self Insurance

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

All funds of the Village participate in the risk management programs. Amounts payable to the Dental fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$173,106 was assigned for that reserve at year end, and is included in unreserved net position of the internal service fund.

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

Table with 3 columns: Description, Prior Year, Current Year. Rows include Unpaid claims - Beginning of Year, Current year claims and changes in estimates, Claim payments, and Unpaid Claims - End of Year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured.

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.

D. MUNICIPAL REVENUE OBLIGATIONS

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

D. MUNICIPAL REVENUE OBLIGATION (CONT.)

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

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

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

- *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- *Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*
- *Statement No. 81, Irrevocable Split-Interest Agreements*
- *Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73*

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – OTHER INFORMATION (cont.)

F. JOINT VENTURES

Delafield-Hartland Water Pollution Control Commission

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

The Commission has entered into service contracts with the City of Delafield and the Villages of Hartland and Nashotah to treat wastewater. The contract requires monthly user charges based on the number of Domestic User 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 \$827,847 in user charges for the year ended December 31, 2016. As of December 31, 2016, the Village has a liability accrued of \$360,137 for connection fees. See Note III.E. regarding Village debt obligations related to the Commission.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HARTLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON - GAAP) GENERAL FUND

For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 4,239,991	\$ 4,239,991	\$ 4,253,228	\$ 13,237
Intergovernmental	1,322,308	1,322,308	1,423,173	100,865
Licenses and permits	214,300	386,800	389,546	2,746
Fines, forfeitures and penalties	69,000	69,000	70,804	1,804
Public charges for services	513,050	513,050	715,577	202,527
Interdepartmental revenue	52,000	52,000	53,700	1,700
Investment income	18,000	18,000	35,048	17,048
Miscellaneous revenues	98,000	98,000	105,032	7,032
Total Revenues	<u>6,526,649</u>	<u>6,699,149</u>	<u>7,046,108</u>	<u>346,959</u>
EXPENDITURES				
Current				
General government	922,959	983,459	844,180	139,279
Police	2,317,100	2,317,100	2,351,822	(34,722)
Fire protection	632,250	632,250	641,860	(9,610)
Public works	1,396,900	1,396,900	1,376,372	20,528
Health and human services	17,540	17,540	13,753	3,787
Library	690,450	690,450	672,397	18,053
Parks	326,725	326,725	396,901	(70,176)
Conservation and development	96,490	208,490	188,850	19,640
Capital Outlay	66,510	66,510	49,245	17,265
Total Expenditure	<u>6,466,924</u>	<u>6,639,424</u>	<u>6,535,380</u>	<u>104,044</u>
Excess of revenues over expenditures	<u>59,725</u>	<u>59,725</u>	<u>510,728</u>	<u>451,003</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	500	500	1,042	542
Transfers in	230,000	230,000	225,209	(4,791)
Transfers out	(290,225)	(290,225)	(290,225)	-
Total Other Financing Sources (Uses)	<u>(59,725)</u>	<u>(59,725)</u>	<u>(63,974)</u>	<u>(4,249)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>446,754</u>	<u>\$ 446,754</u>
Adjustment to Generally Accepted Accounting Principles Basis				
Appropriations credited to designated funds			12,000	
Revenue credited to designated funds			64,676	
Expenditures charged to designated funds			(52,036)	
Net change in fund balances - GAAP			471,394	
FUND BALANCES - Beginning of Year			<u>5,102,882</u>	
FUND BALANCES - END OF YEAR			<u>\$ 5,574,276</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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ -	\$ 9,077	\$ 9,077
Intergovernmental	1,200	2,342	1,142
Total Revenues	1,200	11,419	10,219
EXPENDITURES			
Current			
General government	167	170	(3)
Conservation and development	150	3,650	(3,500)
Total Expenditures	317	3,820	(3,503)
Excess (deficiency) of revenues over expenditures	\$ 883	7,599	\$ 6,716
FUND BALANCES (DEFICIT) - Beginning of Year		(649,220)	
FUND BALANCES (DEFICIT) - END OF YEAR		\$ (641,621)	

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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 22,000	\$ 23,743	\$ 1,743
Intergovernmental	500	278	(222)
Total Revenues	<u>22,500</u>	<u>24,021</u>	<u>1,521</u>
EXPENDITURES			
Current			
General government	167	170	(3)
Conservation and development	150	360	(210)
Total Expenditures	<u>317</u>	<u>530</u>	<u>(213)</u>
Excess of revenues over expenditures	<u>\$ 22,183</u>	23,491	<u>\$ 1,308</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>(101,082)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ (77,591)</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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Current			
General government	167	170	(3)
Conservation and development	150	658,764	(658,614)
Total Expenditures	317	658,934	(658,617)
Excess (deficiency) of revenues over expenditures	\$ (317)	(658,934)	\$ (658,617)
OTHER FINANCING USES			
Transfers out	-	(5,000)	(5,000)
Total Other Financing Uses	-	(5,000)	(5,000)
Net Change in Fund Balances	\$ (317)	(663,934)	\$ (663,617)
FUND BALANCES (DEFICIT) - Beginning of Year		(164,576)	
FUND BALANCES (DEFICIT) - END OF YEAR		\$ (828,510)	

VILLAGE OF HARTLAND

SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

Measurement Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)		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)
			Covered Payroll	Covered Payroll		
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%

VILLAGE OF HARTLAND

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

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

VILLAGE OF HARTLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2016

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 include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Village Board action.

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

WISCONSIN RETIREMENT SYSTEM (WRS) PENSION

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

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

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

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

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SUPPLEMENTARY INFORMATION

VILLAGE OF HARTLAND

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
As of December 31, 2016

	Special Revenue Funds		
	Refuse and Garbage Collection	Special Library	Impact Fees
ASSETS			
Cash and investments	\$ 106,659	\$ 79,418	\$ 261,135
Receivables			
Taxes	393,675	-	-
TOTAL ASSETS	\$ 500,334	\$ 79,418	\$ 261,135
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 30,974	\$ -	\$ -
Deferred inflows of resources			
Unearned revenues	393,675	-	-
Total Liabilities and Deferred Inflows of Resources	424,649	-	-
Fund Balances			
Restricted	-	79,418	261,135
Committed	75,685	-	-
Total Fund Balances	75,685	79,418	261,135
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 500,334	\$ 79,418	\$ 261,135

Special Revenue Funds		Capital Projects Fund	
Criminal Investigation Task Force	Major Incident Task Force	Developers	Totals
\$ 33,135	\$ 632	\$ 10,548	\$ 491,527
-	-	-	393,675
<u>\$ 33,135</u>	<u>\$ 632</u>	<u>\$ 10,548</u>	<u>\$ 885,202</u>
\$ 1,840	\$ -	\$ 9,973	\$ 42,787
-	-	-	393,675
<u>1,840</u>	<u>-</u>	<u>9,973</u>	<u>436,462</u>
-	-	575	341,128
31,295	632	-	107,612
<u>31,295</u>	<u>632</u>	<u>575</u>	<u>448,740</u>
<u>\$ 33,135</u>	<u>\$ 632</u>	<u>\$ 10,548</u>	<u>\$ 885,202</u>

VILLAGE OF HARTLAND

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 For the Year Ended December 31, 2016

	Special Revenue Funds		
	Refuse and Garbage Collection	Special Library	Impact Fees
REVENUES			
Intergovernmental	\$ 18,896	\$ -	\$ -
Public charges for services	392,694	-	156,666
Public improvement revenues	-	13,247	-
Investment income	1,387	504	1,077
Total Revenues	412,977	13,751	157,743
EXPENDITURES			
Current			
Police	-	-	-
Health and human services	382,477	-	-
Library	-	36,358	-
Capital Outlay	-	-	-
Total Expenditure	382,477	36,358	-
Excess (deficiency) of revenues over expenditures	30,500	(22,607)	157,743
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balances	30,500	(22,607)	157,743
FUND BALANCES (DEFICITS) - Beginning of Year	45,185	102,025	103,392
FUND BALANCES - END OF YEAR	\$ 75,685	\$ 79,418	\$ 261,135

<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	
Criminal			
<u>Investigation Task Force</u>	<u>Major Incident Task Force</u>	<u>Developers</u>	<u>Totals</u>
\$ 36,000	\$ -	\$ -	\$ 54,896
-	-	223,147	772,507
-	-	-	13,247
-	-	-	2,968
<u>36,000</u>	<u>-</u>	<u>223,147</u>	<u>843,618</u>
25,022	1,219	-	26,241
-	-	-	382,477
-	-	-	36,358
-	-	164,242	164,242
<u>25,022</u>	<u>1,219</u>	<u>164,242</u>	<u>609,318</u>
<u>10,978</u>	<u>(1,219)</u>	<u>58,905</u>	<u>234,300</u>
-	-	37,146	37,146
-	-	37,146	37,146
10,978	(1,219)	96,051	271,446
<u>20,317</u>	<u>1,851</u>	<u>(95,476)</u>	<u>177,294</u>
<u>\$ 31,295</u>	<u>\$ 632</u>	<u>\$ 575</u>	<u>\$ 448,740</u>

VILLAGE OF HARTLAND
STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2016

	<u>Business Improvement District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to vendors	\$ (40,191)
Payments to employees	<u>(26,326)</u>
Net Cash Flows From Operating Activities	<u>(66,517)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Taxes levied	70,000
Donation	250
Contribution from municipality	<u>9,580</u>
Net Cash Flows From Noncapital Financing Activities	<u>79,830</u>
Net Change in Cash and Cash Equivalents	13,313
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>29,736</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 43,049</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (67,536)
Changes in assets and liabilities	
Accounts payable	<u>1,019</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (66,517)</u>

VILLAGE OF HARTLAND

SUMMARY OF LONG-TERM DEBT
As of December 31, 2016

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Original Amount</u>	<u>Balance Outstanding 12/31/2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Outstanding 12/31/2016</u>	<u>Interest Paid</u>	<u>Principal Due 2017</u>
General Obligation Bonds	03/01/06	3.5-4.1%	02/1/07-25	6/1 & 12/1	\$ 2,700,000	\$ 175,000	\$ -	\$ 75,000	\$ 100,000	\$ 5,089	\$ 100,000
	02/03/09	2.0-4.12	02/1/10-29	2/1 & 8/1	3,125,000	2,500,000	-	75,000	2,425,000	93,381	75,000
	12/01/10	0.8-2.0	12/1/11-17	6/1 & 12/1	1,840,000	665,000	-	330,000	335,000	12,310	335,000
	11/14/12	2.0-3.0	10/1/13-32	4/1 & 10/1	3,780,000	3,450,000	-	135,000	3,315,000	76,734	155,000
	12/05/13	2.5-3.3	06/1/14-30	6/1 & 12/1	4,935,000	4,685,000	-	165,000	4,520,000	141,163	100,000
	11/10/14	-	2/15/15-22	2/15	38,831	33,977	-	4,854	29,123	-	4,854
	11/03/15	2.5-3.0	10/1/17-35	4/1 & 10/1	2,460,000	2,460,000	-	-	2,460,000	65,873	75,000
TOTAL GENERAL OBLIGATION BONDS						\$ 13,968,977	\$ -	\$ 784,854	\$ 13,184,123	\$ 394,550	\$ 844,854

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance Outstanding</u>
2016				\$ 13,184,123
2017	\$ 844,854	\$ 383,134	\$ 1,227,988	12,339,269
2018	819,854	360,153	1,180,007	11,519,415
2019	829,854	338,171	1,168,025	10,689,561
2020	849,854	315,128	1,164,982	9,839,707
2021	899,854	287,978	1,187,832	8,939,853
2022	894,853	260,246	1,155,099	8,045,000
2023	860,000	236,059	1,096,059	7,185,000
2024	910,000	211,321	1,121,321	6,275,000
2025	910,000	184,740	1,094,740	5,365,000
2026	860,000	156,702	1,016,702	4,505,000
2027	860,000	129,378	989,378	3,645,000
2028	855,000	101,912	956,912	2,790,000
2029	820,000	74,171	894,171	1,970,000
2030	685,000	51,176	736,176	1,285,000
2031	335,000	36,768	371,768	950,000
2032	350,000	27,563	377,563	600,000
2033	200,000	18,000	218,000	400,000
2034	200,000	12,000	212,000	200,000
2035	200,000	6,000	206,000	-
	\$ 13,184,123	\$ 3,190,600	\$ 16,374,723	

VILLAGE OF HARTLAND

**COMPARATIVE SCHEDULE OF TAXES AND VALUATION DATA
2012 - 2016 Tax Rolls**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
STATE TAXES	\$ 191,742	\$ 191,668	\$ 198,147	\$ 201,930	\$ 205,504
COUNTY TAXES	<u>2,377,621</u>	<u>2,421,651</u>	<u>2,427,115</u>	<u>2,425,107</u>	<u>2,412,903</u>
LOCAL TAXES					
Village property taxes	5,143,812	5,195,250	5,221,227	5,357,668	5,465,692
Omitted taxes	52,632	-	-	-	-
Tax Increment District taxes	<u>7,026</u>	<u>6,320</u>	<u>20,261</u>	<u>32,819</u>	<u>36,804</u>
Total Local Taxes	<u>5,203,470</u>	<u>5,201,570</u>	<u>5,241,488</u>	<u>5,390,487</u>	<u>5,502,496</u>
SCHOOL TAXES					
Swallow School District	1,632,530	1,713,700	1,752,457	1,775,978	1,786,151
Merton Community School District	194	185	190	3,214	72,965
School District of Hartland - Lakeside School	5,660,834	5,646,939	5,894,352	5,805,802	5,381,565
Lake Country School District	790,354	796,067	779,966	807,610	797,802
Arrowhead Union High School District	4,139,292	3,950,449	4,028,523	4,072,343	4,071,296
Waukesha County Technical College	<u>1,468,955</u>	<u>1,485,500</u>	<u>453,801</u>	<u>451,040</u>	<u>445,240</u>
Total School Taxes	<u>13,692,159</u>	<u>13,592,840</u>	<u>12,909,289</u>	<u>12,915,987</u>	<u>12,555,019</u>
Total General Property Taxes	<u>21,464,992</u>	<u>21,407,729</u>	<u>20,776,039</u>	<u>20,933,511</u>	<u>20,675,922</u>
SPECIAL ASSESSMENTS AND SPECIAL CHARGES					
Refuse removal	453,050	468,125	389,470	389,035	393,675
BID District	70,000	70,000	70,000	70,000	70,000
Other	<u>3,480</u>	<u>1,528</u>	<u>1,644</u>	<u>857</u>	<u>-</u>
Total Special Assessments and Special Charges	<u>526,530</u>	<u>539,653</u>	<u>461,114</u>	<u>459,892</u>	<u>463,675</u>
DELINQUENT UTILITY CHARGES					
Water Utility	16,171	9,092	7,775	5,580	6,747
Sewer Fund	<u>16,391</u>	<u>8,871</u>	<u>26,472</u>	<u>4,884</u>	<u>5,307</u>
Total Delinquent Utility Charges	<u>32,562</u>	<u>17,963</u>	<u>34,247</u>	<u>10,464</u>	<u>12,054</u>
TOTAL TAX ROLL	\$ <u>22,024,084</u>	\$ <u>21,965,345</u>	\$ <u>21,271,400</u>	\$ <u>21,403,867</u>	\$ <u>21,151,651</u>
ASSESSED VALUATION	\$ <u>1,119,757,300</u>	\$ <u>1,178,545,500</u>	\$ <u>1,165,405,100</u>	\$ <u>1,172,829,300</u>	\$ <u>1,191,366,660</u>
EQUALIZED VALUATION	\$ <u>1,129,849,800</u>	\$ <u>1,129,413,700</u>	\$ <u>1,167,590,600</u>	\$ <u>1,189,880,500</u>	\$ <u>1,210,941,600</u>
RATIO OF ASSESSMENT	<u>99.11%</u>	<u>104.35%</u>	<u>99.81%</u>	<u>98.57%</u>	<u>98.38%</u>