

VILLAGE OF HARTLAND

Hartland, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

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VILLAGE OF HARTLAND

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Hartland
Hartland, Wisconsin

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, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Hartland's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules 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, economical, 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.

Village Board
Village of Hartland

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 combining and individual fund financial statements, component unit statement of cash flows, summary of long-term debt and comparative schedule of taxes and valuation data as listed in the table of contents are presented for purposes of additional analysis and are 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruce Terry Vincent Krause, LLP

Milwaukee, Wisconsin
April 20, 2012

Village of Hartland
2011 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, 2011. 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 9,115 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.

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 of the Village of Hartland exceeded its liabilities at the close of 2011 by \$36,451,234 (net assets). Of this amount, \$7,875,757 (unrestricted net assets) may be used to meet the Village's ongoing obligations to citizens and creditors.
- ❖ The Village of Hartland's total net assets decreased by \$232,403. As of the close of 2011 the Village of Hartland's governmental funds reported combined ending funding balances of \$11,286,966. This is a decrease of \$1,361,168 in comparison with the prior year's balance of \$12,648,134. The decrease was primarily due to budgeted capital projects completed in 2011. In 2010 there was debt issued to fund these budgeted capital projects so this decrease was anticipated and borrowed for.
- ❖ There were no borrowings during 2011. There were two borrowings in 2010 to help fund the 2011 and 2012 capital projects budgeted.
- ❖ Interest rates that had started declining at the end of 2008 have continued declining through 2011. In 2008, accounts at the Wisconsin Local Government Investment Pool earned an annual average interest rate of 2.46%, while the average interest rate in 2011 was 0.14%. Even with this decrease, additional tax equivalent received allowed our general fund revenue budget to come in at 100.9% of budget.

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

- ❖ Approximately 12% (\$1,406,465) of the Village of Hartland's governmental fund balance is available for spending at the Village's discretion (unassigned). Approximately 47% (\$5,270,381) of the fund balance is assigned by the Village for specific purposes. Approximately 35% of the fund balance is Restricted or Committed by the Village or statutes to be spent for specific purposes. The remaining 6% of fund balance is considered nonspendable as it relates to non-current receivables, cemetery perpetual care and prepayments.
- ❖ The General Fund unassigned fund balance totals \$1,930,337. This is equal to 31% 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.
- ❖ The Village of Hartland's total debt related to governmental activities had payments of \$580,000 during 2011. Total general obligation debt for the business-type activities had principal payments of \$93,933. Both expenditures were due to budgeted principal reduction payments.

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 **statement of net assets** presents information on all of the Village of Hartland's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Hartland is improving or deteriorating.

The **statement of activities** presents information showing how the Village of Hartland's net assets changed during the most recent fiscal year. All changes in net assets 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 general government, public safety, public works, environmental services, cemetery, library, parks and recreation. 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.

The government-wide financial statements can be found on pages 16 through 18 of this report.

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

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. *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 twelve individual governmental funds. In 2007 a fund was set up to handle the accounting for the revenues and expenses of the Hartland Business Improvement District (BID). The district was created by the Village of Hartland at the request of property and business owners in Village Center consistent with state statutes. The Village assists by managing the BID's accounts payable and audit process. The Village of Hartland also participates in and manages the accounts for the Critical Incident Team Fund and the Major Incident Unit Fund. These two entities are mutual agreement police operations pursuant to Wisconsin Statutes §66.30, §66.305 and §66.315. The two units are funded by budgeted transfers from participating jurisdictions. 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 special revenue fund, debt service fund, village projects fund and corporate reserve fund. All of these funds are considered to be major funds. Individual fund data for the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Hartland adopts an annual appropriated budget for all major funds and most of the nonmajor funds as required by state statute. Budgetary comparison statements have been provided for the general fund and the TIF special revenue fund as part of the required supplementary information.

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

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 Developers fund that monitors Village projects that will be reimbursed by developers. The basic governmental fund financial statements can be found on pages 19 through 24 of this report.

Proprietary funds. The Village of Hartland maintains two *Proprietary funds*. Proprietary funds are used to report *business-type activities* in the government-wide financial statements. The Village of Hartland uses enterprise funds to account for its Water Utility and Sewer Utility.

The Village of Hartland also maintains an internal service 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. The basic proprietary fund financial statements can be found on pages 25 through 29 of this report.

Fiduciary funds. 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 for other taxing jurisdictions within the Village of Hartland. The accounting used for fiduciary funds is much like that used for governmental funds. The basic fiduciary fund financial statements can be found on page 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 64 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68 through 74 of this report following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Hartland, assets exceeded liabilities by \$36,451,234 at the close of 2011. By far, the largest portion of the Village of Hartland's net assets (77 percent) is found in 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 investment in its 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

2011 Management's Discussion and Analysis (cont.)
(Unaudited)

Following is a chart of the net assets 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 ASSETS
As of December 31

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	17,904,775	18,990,591	5,833,656	6,288,232	23,738,431	25,278,823
Capital Assets	21,289,496	20,601,661	15,272,089	15,441,714	36,561,585	36,043,375
TOTAL ASSETS	39,194,271	39,592,252	21,105,745	21,729,946	60,300,016	61,322,198
LIABILITIES						
Long-term liabilities outstanding	12,252,687	12,811,739	4,645,700	4,979,768	16,898,387	17,791,507
Current and other liabilities	6,240,209	6,184,694	710,186	662,360	6,950,395	6,847,054
TOTAL LIABILITIES	18,492,896	18,996,433	5,355,886	5,642,128	23,848,782	24,638,561
NET ASSETS						
Invested in capital assets, net of related debt	14,000,492	14,728,897	14,087,202	14,163,566	28,087,694	28,892,463
Restricted	487,783	389,400	-	-	487,783	389,400
Unrestricted	6,213,100	5,477,522	1,662,657	1,924,252	7,875,757	7,401,774
TOTAL NET ASSETS	20,701,375	20,595,819	15,749,859	16,087,818	36,451,234	36,683,637

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

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

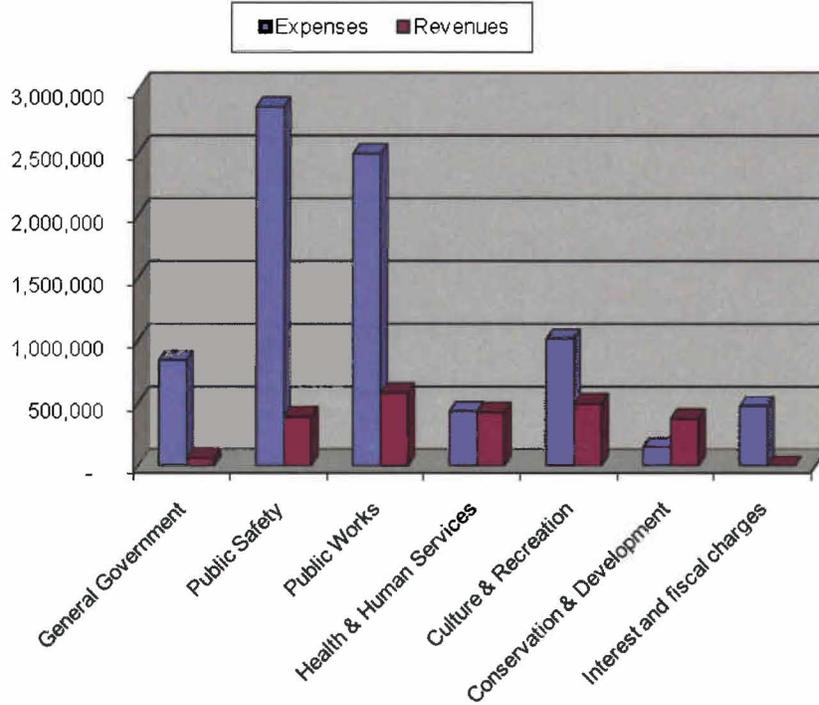
VILLAGE OF HARTLAND'S CHANGES IN NET ASSETS For the year ending December 31

	Governmental Activities		Business Type Activity- Water Utility		Business Type Activity- Sewer Utility		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenues								
<i>Program Revenues</i>								
Charges for services	1,197,782	1,137,931	1,225,104	1,210,949	1,224,357	1,293,351	3,647,243	3,642,231
Oper grants and contributions	1,100,225	861,283	-	-	-	-	1,100,225	861,283
Capital grants and contributions	45,301	-	-	-	-	-	45,301	-
<i>General Revenues</i>								
Property taxes	4,976,827	4,854,276	-	-	-	-	4,976,827	4,854,276
Intergovernmental revenues not restricted to specific programs	592,243	516,753	-	-	-	-	592,243	516,753
Investment income	80,893	59,308	5,753	7,896	100,810	107,966	187,456	175,170
Miscellaneous	147,748	163,565	-	-	-	-	147,748	163,565
Gain on disposal of assets	12,298	-	-	-	-	-	12,298	-
Transfers	211,728	210,328	(205,964)	(204,886)	(5,764)	(5,442)	-	-
Total Revenues	8,365,045	7,803,444	1,024,893	1,013,959	1,319,403	1,395,875	10,709,341	10,213,278
Expenses								
<i>Primary Government</i>								
General government	843,091	891,663	-	-	-	-	843,091	891,663
Public Safety	2,859,644	2,874,423	-	-	-	-	2,859,644	2,874,423
Public Works	2,486,137	2,678,624	-	-	-	-	2,486,137	2,678,624
Health & Sanitation	434,088	414,994	-	-	-	-	434,088	414,994
Culture & Recreation	1,011,013	966,723	-	-	-	-	1,011,013	966,723
Conservation & Development	152,168	616,791	-	-	-	-	152,168	616,791
Interest and fiscal charges	473,348	316,634	45,540	49,433	98,667	106,603	617,555	472,670
<i>Business Type Activities</i>								
Water Utility	-	-	1,071,474	1,119,929	-	-	1,071,474	1,119,929
Sewer Utility	-	-	-	-	1,466,574	1,422,698	1,466,574	1,422,698
Total Expenses	8,259,489	8,759,852	1,117,014	1,169,362	1,565,241	1,529,301	10,941,744	11,458,515
CHANGE IN NET ASSETS	105,556	(956,408)	(92,121)	(155,403)	(245,838)	(133,426)	(232,403)	(1,245,237)
TOTAL NET ASSETS - JAN 1	20,595,819	21,552,227	10,149,707	10,305,110	5,938,111	6,071,537	36,683,637	37,928,874
TOTAL NET ASSETS - DEC 31	\$ 20,701,375	\$ 20,595,819	\$ 10,057,586	\$ 10,149,707	\$ 5,692,273	\$ 5,938,111	\$ 36,451,234	\$ 36,683,637

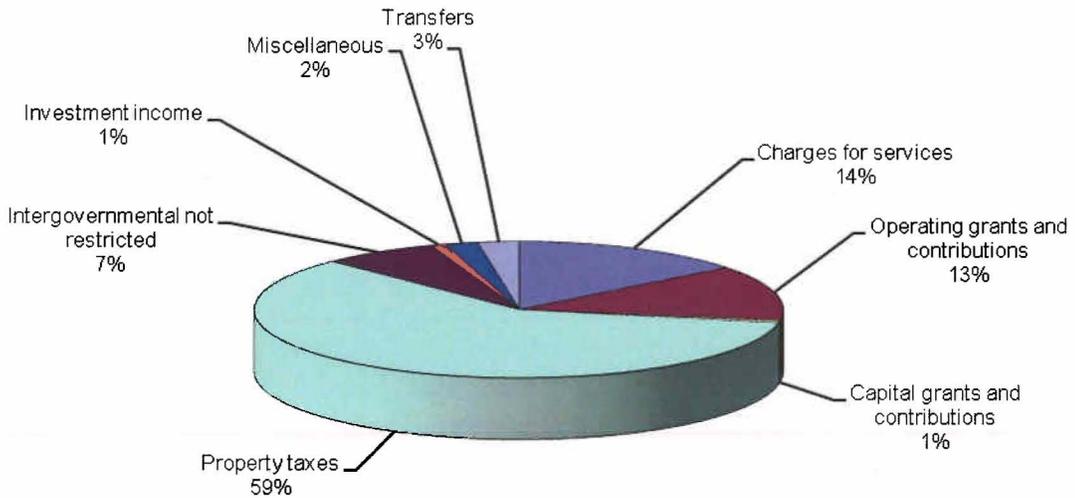
Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

Expenses & Program Revenues - Governmental Activities



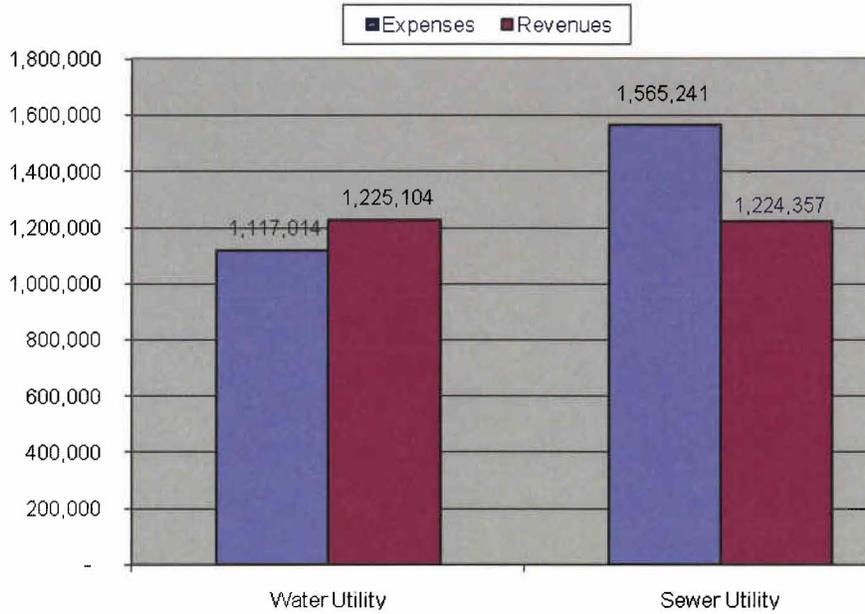
Program & Gen Revenues by Source - Governmental Activities



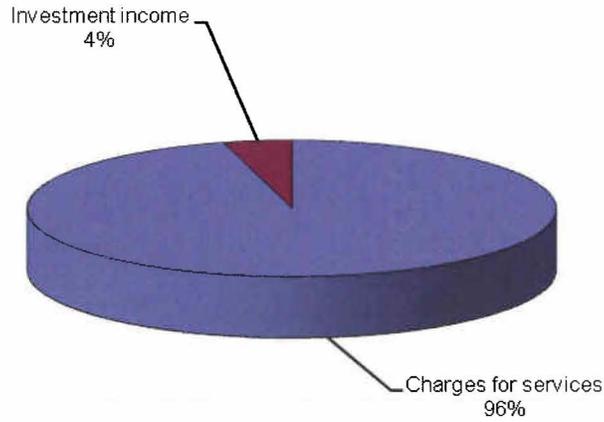
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2011 Management's Discussion and Analysis (cont.) (Unaudited)

Expenses & Program Revenues - Business-Type Activities



Revenues by Source - Business-type Activities



Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

General Budgetary Highlights

The General Fund posted an excess of revenues and other financing sources over expenditures and other financing uses of \$341,228. The Village of Hartland's 2011 operating budget received 102.3% of its budgeted revenues and spent 96.4% of its budgeted expenses. This was unexpected in 2011 considering that average annual interest rate on investments was 0.14%. Even though our investment interest was under budget \$31,906 and our fines and forfeitures were under budget \$17,036 there was still a positive balance recorded due to several circumstances on the revenue side:

- The village started a before and after school care program for families that was unbudgeted and took in \$20,898 in revenue during 2011.
- Permit revenue received was \$61,150 more than was budgeted in 2011.
- The Waukesha County recycling dividend received was \$19,485 more than was budgeted in 2011.
- Cable franchise fees received were \$12,283 more than was budgeted during 2011.

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 health and human services was \$1,496 over budget due to extra yard waste pick up late in the fall and conservation, development was over \$37,243 due to inspection costs for the permits and capital outlay was \$41,537 over budget. The other operating budgets came in under 100% to make our overall expenses 4% below 100% of budget.

The funds comprising Governmental Activities realized a \$60,556 increase in net assets. All governmental funds, major and non-major, except one had a positive fund balance.

The Village of Hartland's adopted budget for the proprietary funds is not adopted 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 98% while expenses came in at 81% of budget. In the past, the use of unrestricted net assets has allowed the operation to continue without a rate increase since 1988. A rate increase application was prepared and submitted at the beginning of 2009 as the water utility had a negative rate of return from 2006-2008. The current rate has been in effect since June 20, 2009.

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

- The sewer utility had sales that came in at 95% of budget. Total revenues for the sewer utility were 86% of budget and the expenses were at 84% of budget. The sewer utility budgets to pay \$15,000 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 2011 the balance available for lift station maintenance was \$194,011.
- Management has been concerned that the Sewer Utility would not be able to meet its operating expenses in future years. Interest rates started slowing down in 2007 and have continued through 2011. Therefore a 5% increase per year in the per thousand gallon rate to customers was implemented in 2002 through 2008. The rate has not been increased since. The financial health of the sewer utility will continue to be evaluated on a yearly basis.

As previously noted, interest rates started to decline at the end of 2007 and that trend continued through 2011. The Local Government Investment Pool (LGIP) yielded an average annual interest rate of 0.14%. The Village continues to evaluate safe investment options and currently has \$3,600,000 with a local bank as a money market account. They are paying interest at 18 basis points higher than the LGIP is paying. A different local bank also has \$11,600,000 of our money that they secure with daily repurchase agreements that are collateralized deposits backed by United States government securities. They also pay higher interest than the LGIP.

Capital Assets

The capital assets of the Village of Hartland are managed through a five year capital improvement plan for its governmental and business-type activities. The governmental activities in this plan are generally funded by borrowing for three years worth of projects at a time. These projects include investments in land, land improvements, buildings, park facilities, streets, storm sewers, street lighting, tree planting, sidewalks, curb and gutter. The Village of Hartland has all of these records in either a 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. It has streamlined the process and made it easier to manage these assets. These improvements led to the Village of Hartland receiving the 2003 Public Policy Forum Award for innovation and excellence for small governments (population less than 10,000). The award was related specifically to our web-based geographic information system.

The Trustees and staff of the Village of Hartland have spent a great deal of time working with our financial consultants, Ehlers and Associates, to create a five year financial management plan that supports our five year capital plan for infrastructure improvements and additions to our municipal campus.

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

The Village of Hartland has 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 cost. A repayment schedule over the life of the item purchased is also charted. Those repayments become an expense in the departmental budgets every year and fund the purchase of more 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. The sewer is the only utility paying back a loan at this time.

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

- Nixon Park shoreline restoration, Hartbrook Park shoreline restoration, Hill Street/Cottonwood drainage and Hilger Farms drainage at a cost of \$199,779.
- Various street repaving projects in accordance with our aggressive paving schedule. The amount for 2011 was \$ 715,357.
- Two new mowers were purchased for \$30,441 to assist with park maintenance.
- A new command truck for the police department was purchased for \$25,750.
- Two new squad cars were purchased and outfitted for \$42,460.
- The Village also has several construction in progress projects for the Library renovation, Fire Department classroom, Police Garage and future Community Center all totaling \$932,293.

In the business type activities, a utility truck was purchased for \$62,722. There were also water service additions for Canterbury and Sunnyslope Drive work completed totaling \$364,284.

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 2011, the village bond rating was Aa2. This rating was retained when we executed the most recent borrowing in December of 2010. We are very proud that a community our size was able to attain this rating. This rating recognizes our strong financial position, stable tax base and moderate debt burden.

At the end of 2011 the total amount of general obligation outstanding debt was \$13,318,292. This is equal to less than 1.1 percent of the Village of Hartland's 2011 equalized value. This debt amount is comprised of \$12,650,000 of general obligation bonds and \$668,292 in promissory notes. There were no new debt issues and no debt refinancing in 2011.

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. The Village's 2011 equalized value is \$1,173,978,700. The Village of Hartland's total margin of indebtedness is \$58,698,935 (5% of the equalized value). At the end of 2011 the Village has used twenty-three percent of its allowable indebtedness.

Ninety-one percent of the Village's debt is related to governmental activities. The Water Utility owes the additional nine percent of the debt. Part of the 2006 borrowing was for costs incurred to build Well #6 and the 2009 borrowing was for costs associated with replacement of watermain on several roads in 2008 and 2009.

In 2003 the Sewer Utility received an advance from the Water Utility to pay for 2003 sewer capital projects. The amount of the advance was \$127,000. The balance owed for capital projects is \$25,400 with two years left to pay.

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, 2011 is \$3,452,408.

More information on the Village of Hartland's long-term debt can be found on pages 54 through 57.

Economic Factors

The Village of Hartland is not immune to the stresses in the economy. Management is aware of an increasing number of foreclosures in our community. Diminished interest income impacts the manner in which we budget. In 2006 our equalized value increased 14.8%. In 2011 the equalized value decreased by .7%. Management expects the Village of Hartland to weather this downturn by continuing to do what we have always done: take care of our infrastructure; maintain a careful and deliberate approach to financial management; and maintain our healthy reserves. Even in these difficult times our reserves add strength to our financial position. We expect it to remain strong even with future modest increases or decreases in our tax base growth.

In 2008 the Village of Hartland created a new downtown redevelopment tax incremental financing district or TIF #4. 2011 was the third possible year to calculate an increment, but there was no value to calculate an increment. This TIF will grow more slowly than the previous TIF of the village. The increment will grow as downtown redevelopment projects occur. At this point, there is no debt associated with this new district.

Village of Hartland

2011 Management's Discussion and Analysis (cont.) (Unaudited)

The downtown redevelopment TIF #4 will complement the Business Improvement District which was formed under Wisconsin Statutes section 66.1110 (1)(f)(4) at the end of 2006 by an active group of downtown business people. This District will enhance the aesthetics and commercial atmosphere in the Village and, consequently, increase business activity. This will promote orderly development in the Village and increase property tax base. A director has been hired and office space rented. A web site and newsletter have been developed. One of the BID Board's first accomplishments was to improve directional signage to guide people to our Village Center. It also is making façade improvement grants to the downtown businesses who want to make a better street presence. This 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 will assist in this effort by making matching grants to eligible property owners.

In 2011 the Village of Hartland created TIF #5 for rehabilitation of a blighted area. TIF #5 will allow the redevelopment of the property in a manner which will provide a higher and better use of the property and better serve the neighborhood within which TIF #5 it is located. The first accomplishment of TIF #5 was the elimination of an obsolete car wash facility and a restaurant with drive through facilities was constructed. Also the ingress egress areas and private drives were reconfigured and reconstructed to be compliant with Village ordinances. There is currently no increment value associated with TIF #5.

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 ASSETS As of December 31, 2011

	Primary Government			Component
	Governmental	Business-type	Totals	Unit
	Activities	Activities		Business Improvement District
ASSETS				
Cash and investments	\$ 11,799,168	\$ 1,736,283	\$ 13,535,451	\$ 40,010
Receivables (net)				
Taxes	5,450,117	26,627	5,476,744	70,000
Accounts	92,058	568,014	660,072	-
Special assessments	5,215	9,233	14,448	-
Delinquent personal property taxes	6,829	-	6,829	-
Loans	226,114	3,452,408	3,678,522	-
Accrued interest	8,773	15,824	24,597	-
Inventories and prepaid items	32,466	16,863	49,329	-
Property held for resale	143,200	-	143,200	-
Other assets	140,835	8,404	149,239	-
Capital assets (net of accumulated depreciation)				
Land	612,637	51,291	663,928	-
Construction in progress	932,293	-	932,293	-
Other capital assets, net of depreciation	19,744,566	15,220,798	34,965,364	-
Total Assets	<u>\$ 39,194,271</u>	<u>\$ 21,105,745</u>	<u>\$ 60,300,016</u>	<u>\$ 110,010</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 613,971	\$ 185,134	\$ 799,105	\$ 1,986
Accrued interest payable	100,888	45,036	145,924	-
Unearned revenue	5,451,156	-	5,451,156	70,000
Deposits	73,401	480,016	553,417	-
Due to other governmental units	793	-	793	-
Noncurrent liabilities				
Due within one year	710,080	350,519	1,060,599	-
Due in more than one year	11,542,607	4,295,181	15,837,788	-
Total Liabilities	<u>18,492,896</u>	<u>5,355,886</u>	<u>23,848,782</u>	<u>71,986</u>
NET ASSETS				
Invested in capital assets, net of related debt	14,000,492	14,087,202	28,087,694	-
Restricted for				
Library	30,485	-	30,485	-
Impact fees	118,226	-	118,226	-
EMS Act 102	16,199	-	16,199	-
Special assessments	47,804	-	47,804	-
Developer fund	21,345	-	21,345	-
Debt service	196,801	-	196,801	-
Perpetual care	56,923	-	56,923	-
Unrestricted	<u>6,213,100</u>	<u>1,662,657</u>	<u>7,875,757</u>	<u>38,024</u>
TOTAL NET ASSETS	<u>\$ 20,701,375</u>	<u>\$ 15,749,859</u>	<u>\$ 36,451,234</u>	<u>\$ 38,024</u>

VILLAGE OF HARTLAND

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 843,091	\$ 64,974	\$ -	\$ -
Public safety	2,859,644	300,060	47,810	45,000
Public works	2,486,137	5,931	576,575	301
Health and human services	434,088	427,106	-	-
Culture, education and recreation	1,011,013	250,344	248,840	-
Conservation and development	152,168	149,367	227,000	-
Interest and fiscal charges	473,348	-	-	-
Total Governmental Activities	8,259,489	1,197,782	1,100,225	45,301
Business-type Activities				
Water Utility	1,117,014	1,225,104	-	-
Sewer Utility	1,565,241	1,224,357	-	-
Total Business-type Activities	2,682,255	2,449,461	-	-
Total Primary Government	\$ 10,941,744	\$ 3,647,243	\$ 1,100,225	\$ 45,301
Component Unit				
Business improvement district	\$ 75,558	\$ -	\$ 1,331	\$ -

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Gain on disposal of assets

Total General Revenues

Transfers

Change in net assets

NET ASSETS - Beginning of Year

NET ASSETS - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activites	Totals	Business Improvement District
\$ (778,117)	\$ -	\$ (778,117)	\$ -
(2,466,774)	-	(2,466,774)	-
(1,903,330)	-	(1,903,330)	-
(6,982)	-	(6,982)	-
(511,829)	-	(511,829)	-
224,199	-	224,199	-
(473,348)	-	(473,348)	-
<u>(5,916,181)</u>	<u>-</u>	<u>(5,916,181)</u>	<u>-</u>
-	108,090	108,090	-
-	(340,884)	(340,884)	-
-	(232,794)	(232,794)	-
<u>(5,916,181)</u>	<u>(232,794)</u>	<u>(6,148,975)</u>	<u>-</u>
-	-	-	(74,227)
\$ 4,036,132	\$ -	\$ 4,036,132	\$ -
940,695	-	940,695	-
-	-	-	70,000
592,243	-	592,243	-
80,893	106,563	187,456	-
147,748	-	147,748	4,165
12,298	-	12,298	-
<u>5,810,009</u>	<u>106,563</u>	<u>5,916,572</u>	<u>74,165</u>
<u>211,728</u>	<u>(211,728)</u>	<u>-</u>	<u>-</u>
105,556	(337,959)	(232,403)	(62)
<u>20,595,819</u>	<u>16,087,818</u>	<u>36,683,637</u>	<u>38,086</u>
<u>\$ 20,701,375</u>	<u>\$ 15,749,859</u>	<u>\$ 36,451,234</u>	<u>\$ 38,024</u>

See accompanying notes to financial statements.

VILLAGE OF HARTLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2011

	<u>Special Revenue Fund</u>			<u>Capital Projects Fund</u>
	General	TIF	Debt Service	Village Projects
ASSETS				
Cash and investments	\$ 3,393,198	\$ -	\$ 297,689	\$ 6,253,365
Receivables				
Taxes	4,068,978	-	940,695	-
Delinquent personal property tax	6,829	-	-	-
Accrued interest	8,773	-	-	-
Accounts	85,188	6,131	-	-
Special assessments	-	-	-	-
Loans	-	226,114	-	-
Due from other funds	672,696	-	-	-
Inventories and prepayments	8,400	-	-	24,066
Property held for resale	-	143,200	-	-
TOTAL ASSETS	<u>\$ 8,244,062</u>	<u>\$ 375,445</u>	<u>\$ 1,238,384</u>	<u>\$ 6,277,431</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 260,965	\$ 507	\$ -	\$ 326,556
Accrued liabilities	15,691	-	-	-
Due to other governments	793	-	-	-
Due to other funds	-	672,696	-	-
Deposits	73,401	-	-	-
Deferred revenues	4,068,978	226,114	940,695	-
Total Liabilities	<u>4,419,828</u>	<u>899,317</u>	<u>940,695</u>	<u>326,556</u>
Fund Balances (Deficits)				
Nonspendable	687,925	-	-	24,066
Restricted	73,122	-	297,689	3,293,525
Committed	-	-	-	-
Assigned	1,132,850	-	-	2,633,284
Unassigned	1,930,337	(523,872)	-	-
Total Fund Balances (Deficits)	<u>3,824,234</u>	<u>(523,872)</u>	<u>297,689</u>	<u>5,950,875</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 8,244,062</u>	<u>\$ 375,445</u>	<u>\$ 1,238,384</u>	<u>\$ 6,277,431</u>

Capital Projects Fund	Nonmajor Governmental Funds	Totals
Corporate Reserve		
\$ 1,504,247	\$ 236,298	\$ 11,684,797
-	440,444	5,450,117
-	-	6,829
-	-	8,773
-	739	92,058
-	5,215	5,215
-	-	226,114
-	-	672,696
-	-	32,466
-	-	143,200
<u>\$ 1,504,247</u>	<u>\$ 682,696</u>	<u>\$ 18,322,265</u>
\$ -	\$ 3,244	\$ 591,272
-	-	15,691
-	-	793
-	-	672,696
-	-	73,401
-	445,659	5,681,446
<u>-</u>	<u>448,903</u>	<u>7,035,299</u>
-	-	711,991
-	217,860	3,882,196
-	15,933	15,933
1,504,247	-	5,270,381
-	-	1,406,465
<u>1,504,247</u>	<u>233,793</u>	<u>11,286,966</u>
<u>\$ 1,504,247</u>	<u>\$ 682,696</u>	<u>\$ 18,322,265</u>

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VILLAGE OF HARTLAND

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS For the Year Ended December 31, 2011

Total Fund Balances - Governmental Funds	\$ 11,286,966
Amounts reported for governmental activities in the statement of net assets 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	932,293
Other Capital Assets	31,409,455
Less: Accumulated depreciation	(11,664,889)
Special assessments and loans not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements	230,290
Internal service funds are reported in the statement of net assets as governmental activities	107,363
Some 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 accounting loss on refunding and debt discounts)	(11,985,381)
Compensated absences	(267,306)
Accrued interest payable	(100,888)
Unamortized debt issue costs	<u>140,835</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 20,701,375</u>

VILLAGE OF HARTLAND

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

For the Year Ended December 31, 2011

	Special Revenue Fund			Capital Projects Fund
	General	TIF	Debt Service	Village Projects
REVENUES				
Taxes	\$ 4,036,132	\$ -	\$ 940,695	\$ -
Intergovernmental	1,342,780	6,885	75,646	-
Licenses and permits	226,650	-	-	-
Fines, forfeitures and penalties	73,964	-	-	-
Public charges for services	534,591	-	-	-
Public improvement revenues	-	886	-	-
Interdepartmental revenue	51,554	-	-	-
Investment income	18,519	5,245	2,147	27,881
Miscellaneous revenues	82,140	-	-	-
Total Revenues	6,366,330	13,016	1,018,488	27,881
EXPENDITURES				
Current				
General government	797,266	250	-	-
Police	2,165,388	-	-	-
Fire protection	485,350	-	-	-
Public works	1,322,657	-	-	-
Health and human services	16,396	-	-	-
Library	660,392	-	-	-
Parks	265,033	-	-	-
Conservation and development	92,493	24,728	-	1,331
Capital Outlay	108,937	-	-	1,988,242
Debt Service				
Principal	-	-	580,000	-
Interest and fiscal charges	-	-	449,990	-
Total Expenditure	5,913,912	24,978	1,029,990	1,989,573
Excess (deficiency) of revenues over expenditures	452,418	(11,962)	(11,502)	(1,961,692)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	4,351	-	-	-
Transfers in	211,728	-	1,800	-
Transfers out	(327,269)	-	-	-
Total Other Financing Sources (Uses)	(111,190)	-	1,800	-
Net Change in Fund Balances	341,228	(11,962)	(9,702)	(1,961,692)
FUND BALANCES (DEFICITS) - Beginning of Year	3,483,006	(511,910)	307,391	7,912,567
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 3,824,234	\$ (523,872)	\$ 297,689	\$ 5,950,875

Capital Projects Fund	Nonmajor Governmental Funds	Totals
Corporate Reserve		
\$ -	\$ -	\$ 4,976,827
-	30,542	1,455,853
-	-	226,650
-	-	73,964
-	433,753	968,344
-	23,065	23,951
-	-	51,554
5,278	1,875	60,945
-	-	82,140
<u>5,278</u>	<u>489,235</u>	<u>7,920,228</u>
-	-	797,516
-	-	2,165,388
-	-	485,350
-	-	1,322,657
-	420,868	437,264
-	2,150	662,542
-	-	265,033
-	-	118,552
65,398	56,503	2,219,080
-	-	580,000
-	-	449,990
<u>65,398</u>	<u>479,521</u>	<u>9,503,372</u>
(60,120)	9,714	(1,583,144)
5,897	-	10,248
327,269	-	540,797
-	(1,800)	(329,069)
<u>333,166</u>	<u>(1,800)</u>	<u>221,976</u>
273,046	7,914	(1,361,168)
<u>1,231,201</u>	<u>225,879</u>	<u>12,648,134</u>
<u>\$ 1,504,247</u>	<u>\$ 233,793</u>	<u>\$ 11,286,966</u>

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VILLAGE OF HARTLAND

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	\$ (1,361,168)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is 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	2,219,080
Some items reported as capital outlay were not capitalized	(277,084)
Some items are capitalized from non-capital outlay accounts	7,503
Depreciation is reported in the government-wide statements	(1,126,778)
Net book value of assets retired	(179,886)

Contributed capital assets are reported as revenues in the government-wide financial statements.	45,000
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Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	222,841
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Debt issued provides current financial resources to governmental funds, but but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal repaid	580,000

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets 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	(27,860)

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.	
Compensated absences	(4,370)
Accrued interest on debt	4,502

Internal service funds are used by management to charge self insurance costs to individual funds. The increase in net assets of the internal service fund reported with governmental activities.	<u>3,776</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 105,556</u>
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VILLAGE OF HARTLAND

STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
ASSETS				
Current Assets				
Cash and investments	\$ 918,661	\$ 817,622	\$ 1,736,283	\$ 114,371
Receivables				
Accounts	268,346	299,668	568,014	-
Special assessments	-	9,233	9,233	-
Taxes	12,887	13,740	26,627	-
Accrued interest	-	15,824	15,824	-
Current portion of advance to other funds	12,700	-	12,700	-
Inventories and prepayments	16,863	-	16,863	-
Restricted Assets				
Current portion of loan receivable	-	246,739	246,739	-
Total Current Assets	<u>1,229,457</u>	<u>1,402,826</u>	<u>2,632,283</u>	<u>114,371</u>
Noncurrent Assets				
Restricted Assets				
Noncurrent portion of loan receivable	-	3,205,669	3,205,669	-
Noncurrent portion of advance to other funds	12,700	-	12,700	-
Capital Assets				
Land	51,291	-	51,291	-
Property and equipment	14,715,260	8,674,382	23,389,642	-
Accumulated depreciation	(4,652,526)	(3,516,318)	(8,168,844)	-
Other Assets				
Other debits	8,404	-	8,404	-
Total Noncurrent Assets	<u>10,135,129</u>	<u>8,363,733</u>	<u>18,498,862</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 11,364,586</u>	<u>\$ 9,766,559</u>	<u>\$ 21,131,145</u>	<u>\$ 114,371</u>

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 36,583	\$ 77,585	\$ 114,168	\$ 7,008
Accrued liabilities	47,913	23,053	70,966	-
Accrued interest	29,212	15,824	45,036	-
Current portion of general obligation debt	103,780	-	103,780	-
Current portion of advances from other funds	-	12,700	12,700	-
Liabilities Payable from Restricted Assets				
Current portion of other debt	-	246,739	246,739	-
Total Current Liabilities	<u>217,488</u>	<u>375,901</u>	<u>593,389</u>	<u>7,008</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt	1,089,512	-	1,089,512	-
Revenue bonds	-	3,205,669	3,205,669	-
Other Liabilities				
Construction deposits	-	480,016	480,016	-
Noncurrent portion of advances from other funds	-	12,700	12,700	-
Total Noncurrent Liabilities	<u>1,089,512</u>	<u>3,698,385</u>	<u>4,787,897</u>	<u>-</u>
Total Liabilities	<u>1,307,000</u>	<u>4,074,286</u>	<u>5,381,286</u>	<u>7,008</u>
NET ASSETS				
Invested in capital assets, net of related debt	8,929,138	5,158,064	14,087,202	-
Unrestricted net assets	<u>1,128,448</u>	<u>534,209</u>	<u>1,662,657</u>	<u>107,363</u>
TOTAL NET ASSETS	<u>\$ 10,057,586</u>	<u>\$ 5,692,273</u>	<u>\$ 15,749,859</u>	<u>\$ 107,363</u>

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VILLAGE OF HARTLAND

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

For the Year Ended December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
OPERATING REVENUES				
Public charges for services	\$ 1,194,243	\$ 1,217,316	\$ 2,411,559	\$ -
Miscellaneous revenues	30,861	7,041	37,902	60,501
Total Operating Revenues	<u>1,225,104</u>	<u>1,224,357</u>	<u>2,449,461</u>	<u>60,501</u>
OPERATING EXPENSES				
Operation and maintenance	690,610	1,221,012	1,911,622	57,144
Depreciation expense	358,275	245,562	603,837	-
Taxes	22,589	-	22,589	-
Total Operating Expenses	<u>1,071,474</u>	<u>1,466,574</u>	<u>2,538,048</u>	<u>57,144</u>
Operating Income (Loss)	<u>153,630</u>	<u>(242,217)</u>	<u>(88,587)</u>	<u>3,357</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,753	100,810	106,563	419
Interest expense	(44,867)	(98,667)	(143,534)	-
Amortization of debt issuance costs	(673)	-	(673)	-
Total Nonoperating Revenues (Expenses)	<u>(39,787)</u>	<u>2,143</u>	<u>(37,644)</u>	<u>419</u>
Income (Loss) Before Transfers	<u>113,843</u>	<u>(240,074)</u>	<u>(126,231)</u>	<u>3,776</u>
TRANSFERS				
Transfers out	(205,964)	(5,764)	(211,728)	-
Total Transfers	<u>(205,964)</u>	<u>(5,764)</u>	<u>(211,728)</u>	<u>-</u>
Change in Net Assets	(92,121)	(245,838)	(337,959)	3,776
NET ASSETS - Beginning of Year	<u>10,149,707</u>	<u>5,938,111</u>	<u>16,087,818</u>	<u>103,587</u>
NET ASSETS - END OF YEAR	<u>\$ 10,057,586</u>	<u>\$ 5,692,273</u>	<u>\$ 15,749,859</u>	<u>\$ 107,363</u>

VILLAGE OF HARTLAND

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,224,667	\$ 1,241,781	\$ 2,466,448	\$ 60,501
Payments to vendors	(307,118)	(1,061,434)	(1,368,552)	-
Payments to employees	(340,972)	(133,223)	(474,195)	(55,005)
Payments to other funds	(33,381)	(18,173)	(51,554)	-
Net Cash Flows From Operating Activities	<u>543,196</u>	<u>28,951</u>	<u>572,147</u>	<u>5,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>5,753</u>	<u>4,332</u>	<u>10,085</u>	<u>419</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(205,964)	(5,764)	(211,728)	-
Advances to other funds	<u>12,700</u>	<u>-</u>	<u>12,700</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(193,264)</u>	<u>(5,764)</u>	<u>(199,028)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	(93,933)	-	(93,933)	-
Principal paid on capital related advance	-	(12,700)	(12,700)	-
Interest paid	(49,841)	(1,524)	(51,365)	-
Acquisition and construction of capital assets	(419,001)	(23,212)	(442,213)	-
Disposal of fixed assets	8,001	-	8,001	-
Receipt of Del-Hart deposits	<u>-</u>	<u>13,890</u>	<u>13,890</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(554,774)</u>	<u>(23,546)</u>	<u>(578,320)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(199,089)	3,973	(195,116)	5,915
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,117,750</u>	<u>813,649</u>	<u>1,931,399</u>	<u>108,456</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 918,661</u>	<u>\$ 817,622</u>	<u>\$ 1,736,283</u>	<u>\$ 114,371</u>

	Business-type Activities - Enterprise Funds			Governmental
	Water Utility	Sewer Utility	Totals	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 153,630	\$ (242,217)	\$ (88,587)	\$ 3,357
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	358,275	245,562	603,837	-
Depreciation charged to other funds	21,636	(21,636)	-	-
Amortization	673	-	673	-
Changes in assets and liabilities				
Accounts receivable	(437)	17,424	16,987	-
Inventory	565	-	565	-
Accounts payable	12,042	34,051	46,093	2,139
Accrued liabilities	(3,188)	(4,233)	(7,421)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 543,196</u>	<u>\$ 28,951</u>	<u>\$ 572,147</u>	<u>\$ 5,496</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Del-Hart loan payable/receivable	\$ -	\$ 240,135		\$ -
Interest expense on Del-Hart loan payable	\$ -	\$ 98,243		\$ -
Interest earned on Del-Hart loan receivable	\$ -	\$ 98,243		\$ -

VILLAGE OF HARTLAND

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
As of December 31, 2011

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 10,433,017
Receivables	
Taxes	<u>5,782,177</u>
TOTAL ASSETS	<u>\$ 16,215,194</u>
LIABILITIES	
Due to other governments	<u>\$ 16,215,194</u>
TOTAL LIABILITIES	<u>\$ 16,215,194</u>

VILLAGE OF HARTLAND

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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 a) the primary government, b) organizations for which the primary government is financially accountable, and c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; 3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the 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.H. 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, 2011. The BID does not issue separate financial statements.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

In February 2009, the GASB issued statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures

The Village made the decision to implement this standard effective January 1, 2011.

The statement of net assets 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 reporting entity 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, liabilities, fund equity, 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, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village's management believes is particularly important to financial statement users may be reported as a major fund.

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

The village reports the following major governmental funds:

General Fund – accounts for the village's primary operating activities. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund – TIF Fund – 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

Criminal Investigation Task Force

Special Assessment

Impact Fees

Major Incident Task Force

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

Capital Projects Funds – 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 Funds - 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 Funds - 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 assets 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 unearned revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

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, 2011

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 revenues. 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. 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 village's enterprise funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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, LIABILITIES, AND NET ASSETS 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.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- 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.

The village has adopted an investment policy. The investment policy does not address interest rate risk or credit risk.

The policy addresses custodial credit risk by limiting bank balances to \$500,000; however, the village is not in compliance with this policy at certain times during the year due to the timing of tax collections and significant cash resources in relation to village expenses.

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, 2011, 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 deferred revenues and due to other taxing units on the accompanying balance sheet.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar – 2011 tax roll:

Lien date and levy date	November 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax Sale – 2011 delinquent real estate taxes	October 2014

Accounts receivable have been shown net of an allowance for uncollectible accounts of \$33,047 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 Assets. 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 fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Inventories, Prepaid Items, and Property Held for Resale

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.

The costs of purchasing properties and razing buildings were recorded as property held for resale in the fund financial statements. These properties are intended to be sold with the objective of future redevelopment.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

4. 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 capitalized interest was recorded 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 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 Assets. 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	25-45 Years
Machinery and Equipment	3-25 Years
Utility System	15-90 Years
Infrastructure	20-50 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.

5. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and in the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

6. 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, 2011 are determined on the basis of current salary rates and include salary related payments.

7. 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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

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 \$3.7 million, made up of 2 issues.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

8. Claims and Judgments

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 is only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note IV. C. on commitments and contingencies.

9. Equity Classifications

Government–Wide Statements

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

- a. *Invested in capital assets, net of related debt* – 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 assets* – Consists of net assets 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 assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the Village classifies governmental fund balance as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not inspendible 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 (ordinance, resolution, motion) 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 are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Village has adopted a financial policy authorizing the Finance Director and/or Village Administrator to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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.

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.

The village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% of total general fund annual revenues. The balance at year end was \$1,930,337 or 30.5%, and is included in unassigned general fund balance.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Basis for Existing Rates – Proprietary Funds

Water Utility

Rates for the water utility were established by the Wisconsin Public Service Commission. The current rates were effective June 20, 2009.

Sewer Utility

The sewer utility revenues are based on rates established by the Village Board. The current rates were effective January 1, 2008.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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.

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.

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special Revenue Funds			
Criminal Investigation Task Force	\$ 15,000	\$ 41,032	\$ 26,032
Major Incident Task Force	5,000	7,653	2,653

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 TIF fund has a deficit balance of \$523,872 at December 31, 2011. This deficit is anticipated to be funded by future tax increment revenues.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

As part of Wisconsin's Act 32 (2011), legislation was passed that 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 for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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	\$ 5,544,099	\$ 5,744,099	Custodial Credit
Repurchase agreements	11,400,769	11,558,544	Credit, Concentration of Credit, Interest Rate Custodial Credit
LGIP	7,063,060	7,063,060	Credit, Interest Rate
Petty cash	550	-	Not Applicable
Total Cash and Investments	<u>\$ 24,008,478</u>	<u>\$ 24,365,703</u>	

Reconciliation to financial statements:

Per statement of net assets

Unrestricted cash and investments \$ 13,535,451

Component unit cash and investments 40,010

Per statement of net assets –

Fiduciary Funds 10,433,017

Total Cash and Investments **\$ 24,008,478**

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 interest bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, 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, 2011, the banks had pledged various government securities in the amount of \$11,558,544 to secure the Village's deposits.

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, 2011, \$4,686 of the village's total bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2011, \$11,558,544 of the village's investment balances were exposed to custodial credit risk as uninsured and collateral was held by the pledging financial institution's agent not in the village's name.

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, 2011, the village's investments held in a repurchase agreement and the Local Government Investment Pool were not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2011, the village's investment in repurchase agreements accounted for 47.4% of the village's deposit and investment portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2011, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		1-10	11-20	21-30
Repurchase agreements	<u>\$11,558,544</u>	<u>\$ 4,597,097</u>	<u>\$ 1,329,840</u>	<u>\$ 5,631,607</u>

The village's investment in the Local Government Investment Pool had a weighted average maturity of 97 days.

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

B. RECEIVABLES

All receivables are expected to be collected within one year, except for delinquent personal property taxes of \$6,829, special assessments of \$5,215, and loans of \$226,114.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable for subsequent year	\$ -	\$ 5,009,673	\$ 5,009,673
Special assessments not yet due	4,176	3,408	7,584
Loans receivable not yet due	226,114	-	226,114
Charges for service - refuse and garbage collection	-	438,075	438,075
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Revenue for Governmental Funds	<u>\$ 230,290</u>	<u>\$ 5,451,156</u>	<u>\$ 5,681,446</u>

The loans receivable of \$226,114 consist of development loans to be payable from future tax increment revenue from the TIF 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, 2011 is \$3,452,408. See Note III.E. for additional information on the corresponding debt.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 612,637	\$ -	\$ -	\$ 612,637
Construction in progress	8,581	932,293	8,581	932,293
Total Capital Assets Not Being Depreciated	621,218	932,293	8,581	1,544,930
Capital assets being depreciated				
Buildings	3,979,443	-	-	3,979,443
Machinery and equipment	3,960,235	143,651	57,040	4,046,846
Roads	12,127,587	715,357	418,903	12,424,041
Other infrastructure	2,683,887	12,000	-	2,695,887
Storm sewers	7,723,294	199,779	978	7,922,095
Street lighting	341,143	-	-	341,143
Total Capital Assets Being Depreciated	30,815,589	1,070,787	476,921	31,409,455
Less: Accumulated depreciation for				
Buildings	(2,075,683)	(104,225)	-	(2,179,908)
Machinery and equipment	(2,100,997)	(315,811)	(55,290)	(2,361,518)
Roads	(3,724,711)	(491,033)	(241,178)	(3,974,566)
Other infrastructure	(1,221,553)	(78,150)	-	(1,299,703)
Storm sewers	(1,632,896)	(120,502)	(567)	(1,752,831)
Street lighting	(79,306)	(17,057)	-	(96,363)
Total Accumulated Depreciation	(10,835,146)	(1,126,778)	(297,035)	(11,664,889)
Net Capital Assets Being Depreciated	19,980,443	(55,991)	179,886	19,744,566
Total Governmental Activities				
Capital Assets, Net of Depreciation	\$ 20,601,661	\$ 876,302	\$ 188,467	\$ 21,289,496

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 49,229
Police	44,766
Fire and ambulance	96,324
Public works, which includes the depreciation of roads, storm sewers and street lighting	881,772
Library	31,947
Parks and recreation	<u>22,740</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,126,778</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 51,291	\$ -	\$ -	\$ 51,291
Construction in progress	<u>8,006</u>	<u>-</u>	<u>8,006</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>59,297</u>	<u>-</u>	<u>8,006</u>	<u>51,291</u>
Capital assets being depreciated				
Buildings and improvements	777,018	-	-	777,018
Machinery and equipment	1,128,560	62,722	33,300	1,157,982
Water distribution system	12,790,762	364,285	21,660	13,133,387
Sewer collection system	<u>8,301,208</u>	<u>23,212</u>	<u>3,165</u>	<u>8,321,255</u>
Total Capital Assets Being Depreciated	<u>22,997,548</u>	<u>450,219</u>	<u>58,125</u>	<u>23,389,642</u>
Less: Accumulated depreciation for				
Buildings and improvements	(208,117)	(23,462)	-	(231,579)
Machinery and equipment	(692,270)	(121,977)	(25,299)	(788,948)
Water distribution system	(3,532,266)	(254,741)	(21,660)	(3,765,347)
Sewer collection system	<u>(3,182,478)</u>	<u>(203,657)</u>	<u>(3,165)</u>	<u>(3,382,970)</u>
Total Accumulated Depreciation	<u>(7,615,131)</u>	<u>(603,837)</u>	<u>(50,124)</u>	<u>(8,168,844)</u>
Net Capital Assets Being Depreciated	<u>15,382,417</u>	<u>(153,618)</u>	<u>8,001</u>	<u>15,220,798</u>
 Business-type Activities				
Capital Assets, Net of Depreciation	<u>\$ 15,441,714</u>	<u>\$ (153,618)</u>	<u>\$ 16,007</u>	<u>\$ 15,272,089</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 358,275
Sewer	<u>245,562</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 603,837</u>

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES 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	\$ 672,696	\$ 672,696
Less: Fund eliminations		<u>(672,696)</u>	
Total Internal Balances - Government-Wide Statement of Net Assets		<u>\$ -</u>	

For the statement of net assets, 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, 2011

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Water Utility	Sewer Utility	\$ 25,400	\$ 12,700
Less: Fund eliminations		(25,400)	
Total Interfund Advances		\$ -	

These interfund advances financed the purchase of capital assets for the Sewer Utility.

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

Following is a detailed repayment schedule:

Years	Principal	Interest	Total
2012	\$ 12,700	\$ 1,016	\$ 13,716
2013	12,700	508	13,208
Totals	\$ 25,400	\$ 1,524	\$ 26,924

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Enterprise Fund - Water Utility	\$ 205,964	Payment of tax equivalent.
General Fund	Enterprise Fund - Sewer Utility	5,764	Payment of tax equivalent.
Capital Projects - Corporate Reserve	General Fund	327,269	Provide financing for the purchase of equipment.
Debt Service Fund	Special Revenue - Impact Fees	<u>1,800</u>	Provide funding for current debt service.
Subtotal - Fund financial statements		540,797	
Less: Fund eliminations		<u>(329,069)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 211,728</u>	

Entity Transferred To	Entity Transferred From	Amount
Governmental Activities	Business-Type Activities	<u>\$ 211,728</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, 2011

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 12,705,000	\$ -	\$ 580,000	\$ 12,125,000	\$ 675,000
Add/(Subtract) Deferred Amounts For					
Accounting (Loss) on Refunding	(89,184)	-	(12,741)	(76,443)	-
(Discounts)/Premiums	(67,013)	-	(3,837)	(63,176)	-
Sub-total	12,548,803	-	563,422	11,985,381	675,000
Other Liabilities					
Compensated absences	262,936	252,772	248,402	267,306	35,080
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 12,811,739</u>	<u>\$ 252,772</u>	<u>\$ 811,824</u>	<u>\$ 12,252,687</u>	<u>\$ 710,080</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,287,225	\$ -	\$ 93,933	\$ 1,193,292	\$ 103,780
Revenue Bonds Payable	3,692,543	-	240,135	3,452,408	246,739
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 4,979,768</u>	<u>\$ -</u>	<u>\$ 334,068</u>	<u>\$ 4,645,700</u>	<u>\$ 350,519</u>

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2011, was \$58,698,935. Total general obligation debt outstanding at year end was \$13,318,292.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Type/Series	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2011
<u>Governmental Activities</u>					
General Obligation Bonds					
2006	3/1/06	2/1/25	3.5-4.1	\$ 2,700,000	\$ 2,250,000
2009	2/3/09	2/1/29	2.0-4.12	3,125,000	2,925,000
2010	12/1/10	12/1/30	1.25-5.4	5,140,000	5,140,000
2010	12/1/10	12/1/17	0.8-2.0	1,840,000	1,810,000
Total Governmental Activities - General Obligation Debt					<u>\$ 12,125,000</u>
<u>Business-type Activities</u>					
General Obligation Promissory Notes					
2009	5/4/09	3/15/14	3.5	\$ 433,284	\$ 356,455
2009	12/29/09	3/15/14	3.5	342,716	311,837
					<u>668,292</u>
General Obligation Bonds					
2006	3/1/06	2/1/25	3.5-4.1	650,000	525,000
Total Business-type Activities - General Obligation Debt					<u>\$ 1,193,292</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
2012	\$ 675,000	\$ 430,801	\$ 1,105,801	\$ 103,780	\$ 43,297	\$ 147,077
2013	625,000	417,217	1,042,217	106,426	39,526	145,952
2014	720,000	403,311	1,123,311	548,086	35,726	583,812
2015	625,000	389,251	1,014,251	30,000	16,468	46,468
2016	655,000	376,228	1,031,228	35,000	15,249	50,249
2017 - 2021	3,275,000	1,589,838	4,864,838	185,000	55,956	240,956
2022 - 2026	3,400,000	933,619	4,333,619	185,000	15,800	200,800
2027 - 2030	2,150,000	237,796	2,387,796	-	-	-
Totals	<u>\$ 12,125,000</u>	<u>\$ 4,778,061</u>	<u>\$ 16,903,061</u>	<u>\$ 1,193,292</u>	<u>\$ 222,022</u>	<u>\$ 1,415,314</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

E. LONG-TERM OBLIGATIONS (cont.)

Revenue Bond Debt

The village has issued Clean Water Fund Revenue Bonds in the amount of \$5,000,000 for expansion and upgrade of the sewerage treatment facility owned and operated by the Delafield-Hartland Water Pollution Control Commission (DHWPC). The proceeds of the bonds have been loaned to the DHWPC. The loan receivable between the Village and DHWPC is equal to the related debt service requirements. The total principal and interest remaining to be paid on the bonds is \$4,052,694. Principal and interest paid on the debt during the year was \$338,379.

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2011</u>
Revenue Bonds 2003	6/11/03	5/1/23	2.75	\$ 5,000,000	<u>\$ 3,452,408</u>

Principal and interest to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u> <u>Revenue Bond Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 246,739	\$ 91,549	\$ 338,288
2013	253,524	84,670	338,194
2014	260,496	77,602	338,098
2015	267,660	70,340	338,000
2016	275,021	62,878	337,899
2017 - 2021	1,492,795	195,080	1,687,875
2022 - 2023	656,173	18,167	674,340
Totals	<u>\$ 3,452,408</u>	<u>\$ 600,286</u>	<u>\$ 4,052,694</u>

Prior-Year Defeasance of Debt

In prior years, the Village defeased certain obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village's financial statements. At December 31, 2011, \$0 of bonds outstanding are considered defeased. The total principal of \$1,990,000 was called on December 1, 2011.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

E. LONG-TERM OBLIGATIONS (cont.)

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.

F. LEASE DISCLOSURES

The village has no material leases as lessee or lessor.

G. NET ASSETS/FUND BALANCES (DEFICITS)

Net assets reported on the government wide statement of net assets at December 31, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt

Land	\$	612,637
Construction in progress		932,293
Capital assets, net of accumulated depreciation		19,744,566
Less: capital related long-term debt outstanding		(12,125,000)
Plus: unspent capital related debt proceeds		4,555,539
Plus: unamortized issue costs, discount and deferred amount on refunding		280,457
Total Invested in Capital Assets, Net of Related Debt		<u>14,000,492</u>

Restricted for:

Library		30,485
Impact fees		118,226
EMS Act 102		16,199
Special Assessment		47,804
Developers		21,345
Debt Service		196,801
Perpetual care		56,923
Total Restricted		<u>487,783</u>

Unrestricted

6,213,100

Total Governmental Activities Net Assets

\$ 20,701,375

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

G. NET ASSETS/FUND BALANCES (DEFICITS) (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2011, include the following:

Nonspendable

Major Funds

General Fund

Prepaid items	\$	8,400
Non-current receivables		<u>679,525</u>

Total	\$	<u>687,925</u>
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Capital Projects Fund

Village Projects - Prepaid items	\$	<u>24,066</u>
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Restricted

Major Funds

General Fund

EMS Act 102	\$	16,199
Cemetery perpetual care		<u>56,923</u>

Total	\$	<u>73,122</u>
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Debt Service Fund

	\$	<u>297,689</u>
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Capital Projects Fund - Village Projects

	\$	<u>3,293,525</u>
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Non-Major Funds

Special Revenue Funds

Special Assessment Fund	\$	<u>47,804</u>
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Special Library Fund	\$	<u>30,485</u>
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Impact Fees Fund	\$	<u>118,226</u>
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Capital Projects Fund

Developers Fund	\$	<u>21,345</u>
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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

G. NET ASSETS/FUND BALANCES (DEFICITS) (cont.)

Governmental Funds (cont.)

Committed

Non-Major Funds

Special Revenue Funds

Refuse and Garbage Collection Fund	\$ 8,906
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Criminal Investigation Task Force Fund	\$ 5,569
--	----------

Major Incident Task Force Fund	\$ 1,458
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Assigned

Major Funds

General Fund

2012 budget appropriation	\$ 37,000
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Future asset purchases	478,546
------------------------	---------

Future assessment	118,200
-------------------	---------

Comprehensive planning	74,622
------------------------	--------

GIS system	69,821
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Employee benefits	308,556
-------------------	---------

Recreation and celebrations	20,130
-----------------------------	--------

Municipal donations	4,861
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Fine arts	5,650
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Heritage Grant	100
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Police armored vest	10,780
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Police speed trailer	2,711
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Asset forfeiture	313
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Ambulance donations	1,560
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Total	\$ 1,132,850
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VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

G. NET ASSETS/FUND BALANCES (cont.)

Governmental Funds (cont.)

Assigned	
Major Funds	
Capital Projects Funds	
Village Projects	
Budget appropriation	\$ 1,262,014
Boardwalk	149,031
Future development	994,493
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>\$ 2,633,284</u>
Corporate Reserve	<u>\$ 1,504,247</u>
Unassigned (Deficit)	
Major Funds	
General Fund	<u>\$ 1,930,337</u>
Special Revenue Fund - TIF	<u>\$ (523,872)</u>
Total Governmental Fund Balances	<u>\$ 11,286,966</u>

Business-Type Activities

Invested in capital assets, net of related debt	
Land	51,291
Other Capital assets, net of accumulated depreciation	15,220,798
Less: Capital related long-term debt outstanding	(1,193,291)
Add: Unamortized issuance costs and discount	<u>8,404</u>
Total Invested in Capital Assets, Net of Related Debt	<u>14,087,202</u>
Unrestricted	<u>1,662,657</u>
Total Net Assets	<u>\$ 15,749,859</u>

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

H. 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 \$40,010 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, 2011

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning, June 29, 2011 and thereafter covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for village employees covered by the system for the year ended December 31, 2011 was \$3,048,716; the employer's total payroll was \$3,183,863. The total required contribution for the year ended December 31, 2011 was \$419,329 or 13.7% of covered payroll. Of this amount, \$385,088 or 91.8% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$399,996 and \$364,498, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. 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 employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2011 there was no pension related debt for the village.

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

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. The village has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

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.

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.

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 2,859	\$ 4,869
Current year claims and changes in estimates	44,825	54,606
Claim payments	<u>(42,815)</u>	<u>(52,467)</u>
Unpaid Claims – End of Year	<u>\$ 4,869</u>	<u>\$ 7,008</u>

C. COMMITMENTS AND CONTINGENCIES

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

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

VILLAGE OF HARTLAND

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Funding for the operating budget of the village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the village.

Open contracts

The Village has open contracts in the amount of approximately \$1,056,400 related to the Hartland Library additions. As of December 31, 2011, approximately \$763,000 has been expended for this project.

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

The Governmental Accounting Standards Board (GASB) has approved Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

E. 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 \$816,122 in user charges for the year ended December 31, 2011. As of December 31, 2011, the village has a liability accrued of \$32,073 for connection fees. See Note III.E. regarding village debt obligations related to the Commission.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HARTLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON - GAAP)
GENERAL FUND
For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 4,036,132	\$ 4,036,132	\$ -
Intergovernmental	1,328,760	1,345,758	16,998
Licenses and permits	154,000	226,650	72,650
Fines, forfeitures and penalties	91,000	73,964	(17,036)
Public charges for services	418,090	524,976	106,886
Interdepartmental revenue	57,000	51,554	(5,446)
Investment income	50,000	18,094	(31,906)
Miscellaneous revenues	81,000	81,523	523
Total Revenues	<u>6,215,982</u>	<u>6,358,651</u>	<u>142,669</u>
EXPENDITURES			
Current			
General government	979,670	788,813	190,857
Police	2,208,080	2,160,687	47,393
Fire protection	496,400	485,350	11,050
Public works	1,364,280	1,322,657	41,623
Health and human services	14,900	16,396	(1,496)
Library	664,213	660,392	3,821
Parks	269,520	265,033	4,487
Conservation and development	55,250	92,493	(37,243)
Capital Outlay	88,900	130,437	(41,537)
Total Expenditure	<u>6,141,213</u>	<u>5,922,258</u>	<u>218,955</u>
Excess of revenues over expenditures	<u>74,769</u>	<u>436,393</u>	<u>361,624</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	500	4,351	3,851
Transfers in	210,000	211,728	1,728
Transfers out	(327,269)	(327,269)	-
Total Other Financing Sources (Uses)	<u>(116,769)</u>	<u>(111,190)</u>	<u>5,579</u>
Net Change in Fund Balances	<u>\$ (42,000)</u>	<u>325,203</u>	<u>\$ 367,203</u>
Adjustment to Generally Accepted Accounting Principles Basis			
Appropriations credited to designated funds		32,600	
Revenue credited to designated funds		7,679	
Expenditures charged to designated funds		<u>(24,254)</u>	
Net change in fund balances - GAAP		341,228	
FUND BALANCES - Beginning of Year		<u>3,483,006</u>	
FUND BALANCES - END OF YEAR		<u>\$ 3,824,234</u>	

VILLAGE OF HARTLAND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
TIF FUND

For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 9,000	\$ 6,885	\$ (2,115)
Public improvement revenues	-	886	886
Investment income	-	5,245	5,245
Total Revenues	<u>9,000</u>	<u>13,016</u>	<u>4,016</u>
EXPENDITURES			
Current			
General government	\$ 1,000	\$ 250	\$ 750
Conservation and development	225,300	24,728	200,572
Total Expenditures	<u>226,300</u>	<u>24,978</u>	<u>201,322</u>
Excess (deficiency) of revenues over expenditures	<u>(217,300)</u>	<u>(11,962)</u>	<u>205,338</u>
FUND BALANCES - Beginning of Year	<u>-</u>	<u>(511,910)</u>	<u>(511,910)</u>
FUND BALANCES - END OF YEAR	<u>\$ (217,300)</u>	<u>\$ (523,872)</u>	<u>\$ (306,572)</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF HARTLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2011

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified basis of accounting, except for exclusion of certain revenues and expenditures which have been accounted for in designated funds.

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Health and human services	\$ 14,900	\$ 16,396	\$ 1,496
Conservation and development	55,250	92,493	37,243
Capital Outlay	88,900	130,437	41,537

SUPPLEMENTARY INFORMATION

VILLAGE OF HARTLAND

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
As of December 31, 2011

	Special Revenue Funds			
	Refuse and Garbage Collection	Special Assessment	Special Library	Impact Fees
ASSETS				
Cash and investments	\$ 8,906	\$ 47,804	\$ 30,485	\$ 118,226
Receivables				
Taxes	438,075	2,369	-	-
Accounts	-	-	-	-
Special assessments	-	5,215	-	-
TOTAL ASSETS	<u>\$ 446,981</u>	<u>\$ 55,388</u>	<u>\$ 30,485</u>	<u>\$ 118,226</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenues	438,075	7,584	-	-
Total Liabilities	<u>438,075</u>	<u>7,584</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	-	47,804	30,485	118,226
Committed	8,906	-	-	-
Total Fund Balances	<u>8,906</u>	<u>47,804</u>	<u>30,485</u>	<u>118,226</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 446,981</u>	<u>\$ 55,388</u>	<u>\$ 30,485</u>	<u>\$ 118,226</u>

Special Revenue Funds		Capital Projects Fund	
Criminal Investigation Task Force	Major Incident Task Force	Developers	Totals
\$ 5,569	\$ 1,458	\$ 23,850	\$ 236,298
-	-	-	440,444
-	-	739	739
-	-	-	5,215
<u>\$ 5,569</u>	<u>\$ 1,458</u>	<u>\$ 24,589</u>	<u>\$ 682,696</u>
\$ -	\$ -	\$ 3,244	\$ 3,244
-	-	-	445,659
-	-	3,244	448,903
-	-	21,345	217,860
<u>5,569</u>	<u>1,458</u>	-	<u>15,933</u>
<u>5,569</u>	<u>1,458</u>	<u>21,345</u>	<u>233,793</u>
<u>\$ 5,569</u>	<u>\$ 1,458</u>	<u>\$ 24,589</u>	<u>\$ 682,696</u>

VILLAGE OF HARTLAND

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
For the Year Ended December 31, 2011**

	Special Revenue Funds			
	Refuse and Garbage Collection	Special Assessment	Special Library	Impact Fees
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Public charges for services	427,106	-	-	716
Public improvement revenues	-	3,117	19,948	-
Investment income	821	533	68	453
Total Revenues	<u>427,927</u>	<u>3,650</u>	<u>20,016</u>	<u>1,169</u>
EXPENDITURES				
Current				
Health and human services	420,868	-	-	-
Library	-	-	2,150	-
Capital Outlay	-	-	-	-
Total Expenditure	<u>420,868</u>	<u>-</u>	<u>2,150</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>7,059</u>	<u>3,650</u>	<u>17,866</u>	<u>1,169</u>
OTHER FINANCING USES				
Transfers out	-	-	-	(1,800)
Net Change in Fund Balances	7,059	3,650	17,866	(631)
FUND BALANCES - Beginning of Year	<u>1,847</u>	<u>44,154</u>	<u>12,619</u>	<u>118,857</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,906</u>	<u>\$ 47,804</u>	<u>\$ 30,485</u>	<u>\$ 118,226</u>

<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>
\$ 23,870	\$ 6,672	\$ -	\$ 30,542
-	-	5,931	433,753
-	-	-	23,065
-	-	-	1,875
<u>23,870</u>	<u>6,672</u>	<u>5,931</u>	<u>489,235</u>
-	-	-	420,868
-	-	-	2,150
<u>41,032</u>	<u>7,653</u>	<u>7,818</u>	<u>56,503</u>
<u>41,032</u>	<u>7,653</u>	<u>7,818</u>	<u>479,521</u>
<u>(17,162)</u>	<u>(981)</u>	<u>(1,887)</u>	<u>9,714</u>
-	-	-	(1,800)
(17,162)	(981)	(1,887)	7,914
<u>22,731</u>	<u>2,439</u>	<u>23,232</u>	<u>225,879</u>
<u>\$ 5,569</u>	<u>\$ 1,458</u>	<u>\$ 21,345</u>	<u>\$ 233,793</u>

VILLAGE OF HARTLAND
STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2011

	<u>Business Improvement District</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 74,165
Payments to vendors	<u>(74,666)</u>
Net Cash Flows From Operating Activities	<u>(501)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contribution from municipality	<u>1,331</u>
 Net Change in Cash and Cash Equivalents	 830
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>39,180</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 40,010</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ (1,393)
Changes in assets and liabilities	
Accounts payable	<u>892</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ (501)</u>

VILLAGE OF HARTLAND

SUMMARY OF LONG-TERM DEBT

As of December 31, 2011

<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 12/31/2010</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance Outstanding 12/31/2011</u>	<u>Interest Paid</u>	<u>Principal Due 2012</u>
Promissory Notes	12/01/02	2.0-4.15	12/1/03-17	6/1 & 12/1	\$ 2,940,000	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ 9,000	\$ -
General Obligation Bonds	03/01/06	3.5-4.1	02/1/07-25	6/1 & 12/1	2,700,000	2,475,000	-	225,000	2,250,000	91,263	150,000
	02/03/09	2.0-4.12	02/1/10-29	2/1 & 8/1	3,125,000	3,000,000	-	75,000	2,925,000	108,006	125,000
	12/01/10	1.25- 5.4	12/1/12-30	6/1 & 12/1	5,140,000	5,140,000	-	-	5,140,000	216,131	120,000
	12/01/10	0.8-2.0	12/1/11-17	6/1 & 12/1	1,840,000	1,840,000	-	30,000	1,810,000	25,240	280,000
TOTAL GENERAL OBLIGATION BONDS AND NOTES PAYABLE						\$ 12,705,000	\$ -	\$ 580,000	\$ 12,125,000	\$ 449,640	\$ 675,000

**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>
2011	\$ -	\$ -	\$ -	\$ 12,125,000
2012	675,000	430,801	1,105,801	11,450,000
2013	625,000	417,217	1,042,217	10,825,000
2014	720,000	403,311	1,123,311	10,105,000
2015	625,000	389,251	1,014,251	9,480,000
2016	655,000	376,228	1,031,228	8,825,000
2017	610,000	360,619	970,619	8,215,000
2018	615,000	341,839	956,839	7,600,000
2019	650,000	320,344	970,344	6,950,000
2020	700,000	296,194	996,194	6,250,000
2021	700,000	270,844	970,844	5,550,000
2022	675,000	243,500	918,500	4,875,000
2023	675,000	216,613	891,613	4,200,000
2024	725,000	188,119	913,119	3,475,000
2025	725,000	157,044	882,044	2,750,000
2026	600,000	128,344	728,344	2,150,000
2027	600,000	100,781	700,781	1,550,000
2028	600,000	72,516	672,516	950,000
2029	575,000	44,250	619,250	375,000
2030	375,000	20,250	395,250	-
	<u>\$ 12,125,000</u>	<u>\$ 4,778,061</u>	<u>\$ 16,903,061</u>	

VILLAGE OF HARTLAND

COMPARATIVE SCHEDULE OF TAXES AND VALUATION DATA 2007 - 2011 Tax Rolls

	2007	2008	2009	2010	2011
STATE TAXES	\$ 202,122	\$ 214,485	\$ 210,256	\$ 200,728	\$ 199,231
COUNTY TAXES	1,967,670	2,259,802	2,315,110	2,330,397	2,360,690
LOCAL TAXES					
Village property taxes	4,259,610	4,652,220	4,831,871	4,976,827	5,009,674
Tax Increment District taxes	1,342,331	-	-	-	-
Total Local Taxes	5,601,941	4,652,220	4,831,871	4,976,827	5,009,674
SCHOOL TAXES					
Swallow School District	1,223,557	1,356,069	1,580,299	1,568,581	1,590,299
Merton Community School District	179	175	179	193	191
School District of Hartland - Lakeside School	5,194,719	5,205,021	5,746,601	5,605,762	5,532,095
Lake Country School District	648,724	1,019,874	1,017,672	988,624	966,404
Arrowhead Union High School District	3,336,861	3,839,223	4,083,962	4,204,060	4,097,198
Waukesha County Technical College	1,205,787	1,397,641	1,433,262	1,458,996	1,469,086
Total School Taxes	11,609,827	12,818,003	13,861,975	13,826,216	13,655,273
Total General Property Taxes	19,381,560	19,944,510	21,219,212	21,334,168	21,224,868
SPECIAL ASSESSMENTS AND SPECIAL CHARGES					
Refuse removal	343,065	382,520	395,700	426,650	438,075
BID District	70,208	70,000	70,001	70,000	70,000
Other	11,951	19,787	33,388	5,163	4,006
Total Special Assessments and Special Charges	425,224	472,307	499,089	501,813	512,081
DELINQUENT UTILITY CHARGES					
Water Utility	12,054	6,526	9,943	5,740	12,887
Sewer Fund	11,430	10,590	10,488	6,150	12,103
Total Delinquent Utility Charges	23,484	17,116	20,431	11,890	24,990
TOTAL TAX ROLL	\$ 19,830,268	\$ 20,433,933	\$ 21,738,732	\$ 21,847,871	\$ 21,761,939
ASSESSED VALUATION	\$ 1,150,270,300	\$ 1,173,228,700	\$ 1,180,620,500	\$ 1,177,770,800	\$ 1,176,415,000
EQUALIZED VALUATION	\$ 1,191,013,500	\$ 1,263,861,200	\$ 1,238,943,000	\$ 1,182,801,000	\$ 1,173,978,700
RATIO OF ASSESSMENT	96.58%	92.83%	95.29%	99.57%	100.21%