

CITY OF HARTFORD

Hartford, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

CITY OF HARTFORD

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the City Common Council
City of Hartford
Hartford, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Hartford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Hartford's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Hartford's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Common Council
City of Hartford

Emphasis of Matters

As discussed in Note I, City of Hartford adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, City of Hartford adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hartford's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Hartford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hartford's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hartford's internal control over financial reporting and compliance.

Milwaukee, Wisconsin
July 23, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

City of Hartford, Wisconsin
Management Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)

As management of the City of Hartford, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. The discussion and analysis presents the highlights of financial activities and financial position for the City of Hartford (City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Financial Highlights

- The total assets and deferred outflows of resources of the City exceeded its total liability and deferred inflows of resources at the close of the most recent fiscal year by \$133,216,680 (net position). Of this amount, \$17,921,081 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total governmental activities net position decreased by \$131,390.
- At the close of the 2019 fiscal year, the City's governmental funds reported combined ending fund balances of \$8,854,921, a decrease of \$2,827,218 in comparison with the prior year.
- At the end of the 2019 fiscal year, unassigned fund balance for the General Fund was \$6,128,133 or 62.9% of the total general fund expenditures.
- As of December 31, 2019, the City of Hartford's total General Obligation debt outstanding was \$21,410,000. The city may not exceed 5% of the equalized value of taxable property within the City's jurisdiction and for 2019 the debt limit was \$72,126,885.

Overview of the Financial Statements

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

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City of Hartford's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreased in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2019 (Unaudited)

Both the government-wide financial statements distinguish functions of the City of Hartford 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 City of Hartford include general government, protection of persons and property, public works, leisure activities, conservation and development and public service enterprises. Business-type activities of the City include the Electric, Water and Wastewater Utilities, Airport, Emergency Squad Fund and Cable Television Fund.

The government-wide financial statements include the City of Hartford and the following discretely presented component unit: The Community Development Authority. Financial information for this component unit is reported separately from the financial statements of the primary government. See Note I-A, page 27, of the Notes to the Financial Statements for more information. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the City.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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 City of Hartford, 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 City 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 funds financial statements focus on the 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, readers may better understand the long-term impact of the government'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 City of Hartford maintains eleven individual governmental funds. 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, the Debt Service Fund, Veterans Park Pool project Capital Project fund and other projects Capital Projects Fund, all of which are considered to be major funds. Individual fund data for each of the remaining non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

Proprietary funds – The City of Hartford maintains two types of proprietary funds: Enterprise funds that are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Hartford maintains six enterprise funds.

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2019 (Unaudited)

The City has Internal Service Funds which are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains three internal service funds.

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 for the electric, water and wastewater operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 20 through 23 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 statement because the resources of those funds are not available to support the City of Hartford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Total assets of the fiduciary fund were \$24,963,067.

The basic fiduciary funds financial statements can be found on pages 24 and 25 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 26 through 102 of this report.

Other information –The Required Supplementary Information (RSI) is presented on pages 103 – 107. The City of Hartford adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with its budget on page 87 of this report. The City also reports additional RSI that is presented on pages 104 to 106. Notes to the RSI are presented on page 107. The combining statements referred to earlier in connection with non-major governmental funds are presented in the Supplementary Information section of the report immediately following the RSI on 108 through 115.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hartford, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$133,216,680 as of December 31, 2019.

The largest portion of the City of Hartford's net position reflects its net investment in capital assets (e.g., land, buildings, improvements, and machinery and equipment), used to acquire those assets that is still outstanding. The City of Hartford uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)**

City of Hartford's Net Position

	Governmental	Governmental	Business-type	Business-type	Total	
	Activities 2019	Activities 2018	Activities 2019	Activities 2018	2019	2018
Assets						
Current and other Assets	\$ 24,335,083	\$ 26,638,160	\$ 22,599,870	\$ 20,608,189	\$ 46,934,953	\$ 47,246,349
Capital Assets	62,238,164	61,994,893	78,172,734	78,709,422	140,410,898	140,704,315
Total Assets	86,573,247	88,633,053	100,772,604	99,317,611	187,345,851	187,950,664
Deferred Outflows of Resources						
Unamortized loss on refunding	-	-	238,306	293,847	238,306	293,847
Deferred outflow related to pensions & OPEB	4,275,060	2,463,739	1,127,060	706,823	5,402,120	3,170,562
Total Deferred Outflows of Resources	4,275,060	2,463,739	1,365,366	1,000,670	5,640,426	3,464,409
Liabilities						
Noncurrent liabilities outstanding	28,420,699	29,420,687	10,140,195	2,988,614	38,560,894	32,409,301
Other liabilities	5,056,348	4,509,254	4,763,283	13,934,056	9,819,631	18,443,310
Total Liabilities	33,477,047	33,929,941	14,903,478	16,922,670	48,380,525	50,852,611
Deferred Inflows of Resources						
Unearned revenue	8,530,768	8,212,036	-	-	8,530,768	8,212,036
Deferred inflow related to pensions & OPEB	2,186,439	2,169,372	671,865	799,484	2,858,304	2,968,856
Total Deferred Inflows of Resources	10,717,207	10,381,408	671,865	799,484	11,389,072	11,180,892
Net Position:						
Net investment in capital assets	41,104,255	41,439,410	69,622,448	69,126,470	110,726,703	110,565,880
Restricted	3,026,214	4,004,864	1,542,682	2,315,357	4,568,896	6,320,221
Unrestricted	2,523,584	1,341,169	15,397,497	11,154,311	17,921,081	12,495,480
Total Net Position	\$ 46,654,053	\$ 46,785,443	\$ 86,562,627	\$ 82,596,138	\$ 133,216,680	\$ 129,381,581

A restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17,921,081, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2019 fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

The City's total net position increased by \$3,835,099 during the current fiscal year.

Analysis of the City's Operations - The following schedule highlights the City's revenues and expenses for the fiscal year ended December 31, 2019. These two main components are subtracted to yield the change in net position. The table utilizes the full accrual method of accounting. The table below demonstrates that governmental activities decreased by \$131,390 in 2019, and business-type activities increased the City's net position by \$3,966,489 that same year.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)**

City of Hartford's Changes in Net Position

	Governmental	Governmental	Business-type	Business-type	Total	
	Activities 2019	Activities 2018	Activities 2019	Activities 2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,709,397	\$ 2,705,010	\$ 36,168,875	\$ 36,575,411	\$ 38,878,272	\$ 39,280,421
Operating Grants and Contributions	2,019,116	1,483,436	6,980	6,124	2,026,096	1,489,560
Capital Grants and Contributions	149,905	117,467	1,185,578	741,032	1,335,483	858,499
General revenues						
Property Tax	8,337,151	7,881,122	-	-	8,337,151	7,881,122
Grants and contributions not restricted to specific programs	874,806	868,291	-	-	874,806	868,291
Unrestricted investment earnings	420,526	221,679	349,908	229,566	770,434	451,245
Miscellaneous	542,007	519,866	130,797	82,428	672,804	602,294
Total Revenues and transfers	15,052,908	13,796,871	37,842,138	37,634,561	52,895,046	51,431,432
Expenses:						
General government	1,233,624	1,555,925	-	-	1,233,624	1,555,925
Protection of persons and property	5,486,313	6,581,348	-	-	5,486,313	6,581,348
Public works	4,514,697	4,507,171	-	-	4,514,697	4,507,171
Leisure activities	2,856,296	3,539,913	-	-	2,856,296	3,539,913
Conservation and development	1,566,233	1,099,929	-	-	1,566,233	1,099,929
Public service enterprise	139,504	121,648	-	-	139,504	121,648
Interest	575,508	683,604	-	-	575,508	683,604
Electric	-	-	26,110,240	27,186,397	26,110,240	27,186,397
Water	-	-	2,966,223	2,986,876	2,966,223	2,986,876
Wastewater	-	-	2,595,991	2,926,700	2,595,991	2,926,700
Other	-	-	1,015,318	977,572	1,015,318	977,572
Total expenses	16,372,175	18,089,538	32,687,772	34,077,545	49,059,947	52,167,083
Increase (decrease) in net position before transfers	(1,319,267)	(4,292,667)	5,154,366	3,557,016	3,835,099	(735,651)
Transfers	1,187,877	1,613,772	(1,187,877)	(1,613,772)	-	-
Increase in net position	(131,390)	(2,678,895)	3,966,489	1,943,244	3,835,099	(735,651)
Net position – beginning	44,779,816	47,458,711	80,544,853	78,601,609	125,324,669	126,060,320
Net position – ending	\$ 44,648,426	\$ 44,779,816	\$ 84,511,342	\$ 80,544,853	\$ 129,159,768	\$ 125,324,669

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)**

Governmental Activities

The table below discloses cost of services for Governmental Activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put net costs that must be covered by local taxes or other general revenue or transfers.

<u>Programs</u>	<u>Total Cost of Services 2019</u>	<u>Net (Expense) of Service 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net (Expense) of Service 2018</u>
General Government	\$ 1,233,624	\$ (660,764)	\$ 1,555,925	\$ (1,029,575)
Protection of persons and property	5,486,313	(4,597,468)	6,581,348	(5,754,737)
Public Works	4,514,697	(2,236,998)	4,507,171	(2,862,539)
Leisure activities	2,856,296	(1,795,022)	3,539,913	(2,314,900)
Construction and development	1,566,233	(1,554,569)	1,099,929	(1,073,897)
Public Service Enterprise	139,504	(73,429)	121,648	(64,373)
Interest	575,508	(575,508)	683,604	(683,604)
	<u>\$ 16,372,175</u>	<u>\$ (11,493,758)</u>	<u>\$ 18,089,538</u>	<u>\$ (13,783,625)</u>

Net cost of services is 70.2% of total cost of services in 2019. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

Business-Type Activities

Total Business-type activities' charges for service revenues for the year ending December 31, 2019 were \$35,723,850. The Business-type activities increased the City of Hartford's net position by \$3,966,489.

The table below shows the relationship between revenues and expenses for the City of Hartford electric, water utilities and wastewater, the major enterprise funds of the city.

	2019			
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenue, Contributions, and Transfers	\$ 28,185,219	\$ 4,538,737	\$ 4,858,923	\$ 37,582,879
Expenses and Transfers	<u>26,679,800</u>	<u>3,551,088</u>	<u>3,215,224</u>	<u>33,446,112</u>
Change in net position	<u>\$ 1,505,419</u>	<u>\$ 987,649</u>	<u>\$ 1,643,699</u>	<u>\$ 4,136,767</u>

	2018			
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenue, Contributions, and Transfers	\$ 27,879,751	\$ 5,332,595	\$ 4,423,531	\$ 37,635,877
Expenses and Transfers	<u>28,874,116</u>	<u>3,633,661</u>	<u>3,544,756</u>	<u>36,052,533</u>
Change in net position	<u>\$ (994,365)</u>	<u>\$ 1,698,934</u>	<u>\$ 878,775</u>	<u>\$ 1,583,344</u>

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2019 (Unaudited)

Financial Analysis of the Government's Funds

As noted earlier, the City of Hartford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. This section will discuss major developments within the City's governmental funds and proprietary funds.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds – General Fund, Debt Service Fund, Veterans Park Pool Project Fund, and all Other Governmental Funds – reported combined ending fund balances of \$8,854,921, a decrease of \$2,827,218 in comparison with the prior year. Of this total amount, \$2,559,235 constitutes unassigned fund balance. This unassigned fund balance includes positive fund balance of \$6.1 million, offset by approximately \$3.569 million of deficit fund balance related to the Capital Projects Other Projects funds. The unassigned fund balance is available for spending at the government's discretion, subject to cash flow availability and fund restrictions.

The General Fund is the chief operating fund of the City. During 2019, the General Fund balance increased by \$405,033. At the end of the year, the unassigned fund balance of the General Fund was \$6,128,113 while total fund balance was \$6,404,175. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62.9% of total general fund expenditures.

Fund balance in the Debt Service Fund increased by \$36,370 during 2019.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Total net position of the Electric, Water, Wastewater and other Enterprise Funds at the end of the year amounted to \$86,562,627. Total growth in net position for these funds was \$3,966,489.

General Fund Budgetary Highlights.

Differences between the original budget and the final amended budget for the General Fund can be summarized as follows:

- The total original expenditure budget of \$10,047,154 was increased to \$10,085,754 (an increase of \$38,600).

During the year, revenues were higher than budgetary revenues and expenses were less budgetary expenditures.

The General Fund operations added \$405,033 more to the beginning of the year fund balance. The final amended budget anticipated a use of fund balance of \$71,230.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets. The City of Hartford's net investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$140.4 million (net of accumulated depreciation). This net investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and construction in progress.

City of Hartford						
Capital Assets at Year-end						
Net of Accumulated Depreciation						
	Governmental		Business-type		Totals	
	Activities 2019	Activities 2018	Activities 2019	Activities 2018	2019	2018
Land	\$ 4,865,328	\$ 4,865,328	\$ 734,274	\$ 562,474	\$ 5,599,602	\$ 5,427,802
Construction in progress	1,042,703	714,546	836,393	679,823	1,879,096	1,394,369
Land Improvements	3,315,961	3,315,961	84,015,490	89,539,562	87,331,451	92,855,523
Buildings	35,035,847	35,035,847	29,988,746	29,988,746	65,024,593	65,024,593
Machinery & Equipment	14,022,545	12,679,192	13,535,452	6,424,099	27,557,997	19,103,291
Other property	-	-	3,460,767	3,460,767	3,460,767	3,460,767
Infrastructure	45,745,435	44,645,100	-	-	45,745,435	44,645,100
Intangibles	287,260	287,260	-	-	287,260	287,260
Accumulated depreciation	(42,076,915)	(39,548,341)	(54,398,388)	(51,946,049)	(96,475,303)	(91,494,390)
	\$ 62,238,164	\$ 61,994,893	\$ 78,172,734	\$ 78,709,422	\$ 140,410,898	\$ 140,704,315

Additional information on the City's capital assets can be found in Note IV on pages 49 through 52 of this report.

Long-term debt - As of December 31, 2019, the City of Hartford, Wisconsin had general obligation bonds and notes outstanding totaling \$21,410,000. The City of Hartford has business-type activities revenue bonds and notes payable totaling \$9,330,000.

In the current year, the City paid off \$1,889,434 in principal and \$575,508 in interest on outstanding governmental activities debt.

Business-Type Activities paid \$2,435,000 in principal and \$297,611 in interest on outstanding debt in the current year.

The total of principal on general obligation and revenue bond debt that will become due within one year is \$4,105,000.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2019
(Unaudited)**

Capital Assets and Debt Administration (continued)

City of Hartford's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental	Governmental	Business-type	Business-type	Totals	
	<u>Activities 2019</u>	<u>Activities 2018</u>	<u>Activities 2019</u>	<u>Activities 2018</u>	<u>2019</u>	<u>2018</u>
General Obligations						
Bonds & Notes	\$ 21,410,000	\$ 23,299,434	\$ -	\$ -	\$ 21,410,000	\$ 23,299,434
Revenue Bonds	-	-	9,330,000	11,765,000	9,330,000	11,765,000
Total	21,410,000	23,299,434	9,330,000	11,765,000	30,740,000	35,064,434

Additional information about the City's long-term debt can be found in Note IV.F. on pages 54 through 58 of the financial statements.

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2019 (Unaudited)

Economic Factors and Next Year's Budgets and Rates

The City of Hartford, located in southeastern Wisconsin approximately 30 miles north of Milwaukee, lies predominantly in Washington County with a portion in Dodge County. The city's favorable geographic location, availability of developable land, and proximity to major transportation routes has contributed to tremendous growth over the past 18 years, however, like other communities this growth has slowed dramatically. Wealth levels approximate state averages, and while the city's employment base is somewhat reliant on manufacturing (traditionally somewhat more vulnerable to economic fluctuations), Washington County has maintained a stable local economy.

Other key economic factors are as follows:

- 1) Construction of a new 82 unit apartment building and public parking lot began in 2019 with an expected completion date in the spring of 2020. This project is part of TIF #10 which was created for the redevelopment of the downtown area.
- 2) A new TIF (TIF #12) was created which will allow for the development of industrial park land between the Dodge Industrial Park and the Western Industrial Park.

Requests for information

This financial report is designed to provide a general overview of the City of Hartford's finances for all those with an interest in the government's finances. Readers having question about any of the information in this report or needing additional information should contact Finance Director, City of Hartford, 109 North Main Street, Hartford, WI 53027 or call 262-673-8203.

BASIC FINANCIAL STATEMENTS

CITY OF HARTFORD

STATEMENT OF NET POSITION
As of December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 15,287,214	\$ 9,676,590	\$ 24,963,804	\$ 43,977
Receivables				
Current	9,128,952	6,074,527	15,203,479	5,740
Noncurrent	83,141	614,128	697,269	-
Due from other governments	455,036	-	455,036	108,192
Internal balances - advances to/from	(2,819,149)	2,819,149	-	-
Inventory	16,278	820,199	836,477	-
Prepayments	338,178	195,829	534,007	61,541
Restricted assets				
Cash and investments	1,098,583	2,399,448	3,498,031	894,074
Accounts, notes and leases receivable	401,739	-	401,739	428,119
Accrued investment income receivable	9	-	9	1,352
Prepayments and inventory	102	-	102	17,004
Investment in CVMIC	345,000	-	345,000	-
Capital assets, net of depreciation/amortization	62,238,164	78,172,734	140,410,898	3,247,959
Total Assets	86,573,247	100,772,604	187,345,851	4,807,958
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	-	238,306	238,306	-
Deferred outflow related to other postemployment benefits - Health	266,850	69,560	336,410	54,590
Deferred outflow related to other postemployment benefits - LRLIF	60,525	18,465	78,990	5,037
Deferred outflow related to pensions	3,947,685	1,039,035	4,986,720	349,386
Total Deferred Outflows of Resources	4,275,060	1,365,366	5,640,426	409,013
LIABILITIES				
Accounts payable and other current liabilities	1,319,627	2,065,384	3,385,011	246,092
Accrued interest payable	136,258	-	136,258	2,344
Community commitment	-	115,840	115,840	-
Deposits	851,516	9,169	860,685	95,292
Current liabilities payable from restricted assets				
Current portion of long-term debt	-	1,825,000	1,825,000	-
Accrued interest payable	-	125,075	125,075	-
Unearned revenue	199,792	622,818	822,610	152,463
Noncurrent liabilities:				
Accrued compensated absences	190,385	186,516	376,901	-
Net pension liability	1,399,743	434,659	1,834,402	123,252
Net other postemployment benefit obligation - LRLIF	313,583	95,747	409,330	26,210
Total other postemployment benefit obligation - Health	6,788,169	1,727,987	8,516,156	544,436
Due within one year	2,549,155	-	2,549,155	183,825
Due in more than one year	19,728,819	7,695,283	27,424,102	2,406,173
Total Liabilities	33,477,047	14,903,478	48,380,525	3,780,087
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	8,530,768	-	8,530,768	-
Deferred inflow related to other postemployment benefits - Health	195,462	50,353	245,815	10,702
Deferred inflow related to other postemployment benefits - LRLIF	83,885	25,609	109,494	7,008
Deferred inflow related to pension	1,907,092	595,903	2,502,995	192,605
Total Deferred Inflows of Resources	10,717,207	671,865	11,389,072	210,315
NET POSITION				
Net investment in capital assets	41,104,255	69,622,448	110,726,703	1,193,739
Restricted for:				
Loan programs	1,500,433	-	1,500,433	-
Library	1,525,781	-	1,525,781	-
Equipment replacement	-	630,182	630,182	-
Revenue bond covenants	-	912,500	912,500	-
Grant programs	-	-	-	127,281
Unrestricted (deficit)	2,523,584	15,397,497	17,921,081	(94,451)
TOTAL NET POSITION	\$ 46,654,053	\$ 86,562,627	\$ 133,216,680	\$ 1,226,569

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
Primary Government								
Governmental Activities								
General government	\$ 1,233,624	\$ 512,701	\$ 60,159	\$ -	\$ (660,764)	\$ -	\$ (660,764)	\$ -
Protection of persons and property	5,486,314	773,547	115,299	-	(4,597,468)	-	(4,597,468)	-
Public works	4,514,697	589,809	1,537,985	149,905	(2,236,998)	-	(2,236,998)	-
Leisure activities	2,856,296	755,601	305,673	-	(1,795,022)	-	(1,795,022)	-
Conservation and development	1,566,233	11,664	-	-	(1,554,569)	-	(1,554,569)	-
Public service enterprise	139,504	66,075	-	-	(73,429)	-	(73,429)	-
Interest	575,508	-	-	-	(575,508)	-	(575,508)	-
Total Governmental Activities	<u>16,372,175</u>	<u>2,709,397</u>	<u>2,019,116</u>	<u>149,905</u>	<u>(11,493,757)</u>	<u>-</u>	<u>(11,493,757)</u>	<u>-</u>
Business-type Activities								
Electric Utility	26,110,240	27,239,297	-	716,835	-	1,845,892	1,845,892	-
Water Utility	2,966,223	4,294,651	-	105,677	-	1,434,105	1,434,105	-
Wastewater Treatment	2,595,991	3,697,647	-	363,066	-	1,464,722	1,464,722	-
Other	1,015,318	937,280	6,980	-	-	(71,058)	(71,058)	-
Total Business-type Activities	<u>32,687,772</u>	<u>36,168,875</u>	<u>6,980</u>	<u>1,185,578</u>	<u>-</u>	<u>4,673,661</u>	<u>4,673,661</u>	<u>-</u>
Total Primary Government	<u>\$ 49,059,947</u>	<u>\$ 38,878,272</u>	<u>\$ 2,026,096</u>	<u>\$ 1,335,483</u>	<u>(11,493,757)</u>	<u>4,673,661</u>	<u>(6,820,096)</u>	<u>-</u>
Component Unit								
Hartford Community Development Authority	\$ 2,555,921	\$ 1,129,002	\$ 1,492,434	\$ -	-	-	-	65,515
General Revenues								
Taxes								
Property taxes levied for general purposes					4,248,059	-	4,248,059	-
Property taxes levied for debt service					3,000,000	-	3,000,000	-
Property taxes levied for all other purposes					1,089,092	-	1,089,092	-
Intergovernmental revenues not restricted to specific programs					874,806	-	874,806	-
Investment income					420,526	349,908	770,434	7,152
Other					542,007	130,797	672,804	-
Transfers					1,187,877	(1,187,877)	-	-
Total general revenues and transfers					<u>11,362,367</u>	<u>(707,172)</u>	<u>10,655,195</u>	<u>7,152</u>
Change in net position					(131,390)	3,966,489	3,835,099	72,667
NET POSITION - Beginning of Year					<u>46,785,443</u>	<u>82,596,138</u>	<u>129,381,581</u>	<u>1,153,902</u>
NET POSITION - END OF YEAR					<u>\$ 46,654,053</u>	<u>\$ 86,562,627</u>	<u>\$ 133,216,680</u>	<u>\$ 1,226,569</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Debt Service	Capital	Capital	Nonmajor Governmental Funds	Totals
			Project Fund Veterans Park Pool Project	Project Fund Other Projects		
ASSETS						
Cash and investments	\$ 7,009,716	\$ -	\$ 77,035	\$ -	\$ 4,293,128	\$ 11,379,879
Accounts receivable	265,108	159,105	25,645	108,361	7,459	565,678
Special assessments receivable						
Due after 2019	83,141	-	-	-	-	83,141
Accrued investment income receivable	11,696	807	51	575	6,104	19,233
Taxes receivable	4,227,848	3,056,750	-	499,239	733,032	8,516,869
Due from other funds	799,566	-	-	-	-	799,566
Due from other governments	-	-	-	315,067	139,969	455,036
Inventories	10,198	-	-	-	-	10,198
Prepayments	265,864	-	-	114	25,848	291,826
Restricted assets						
Cash and investments	-	-	-	-	1,098,583	1,098,583
Accounts and notes receivable	-	-	-	-	401,739	401,739
Accrued investment income receivable	-	-	-	-	9	9
Prepayments	-	-	-	-	102	102
TOTAL ASSETS	\$ 12,673,137	\$ 3,216,662	\$ 102,731	\$ 923,356	\$ 6,705,973	\$ 23,621,859

See accompanying notes to the financial statements.

CITY OF HARTFORD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project Fund Veterans Park Pool Project</u>	<u>Capital Project Fund Other Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</i>						
Liabilities						
Accounts payable	\$ 309,561	\$ 475	\$ 1,715	\$ 47,400	\$ 72,472	\$ 431,623
Accrued liabilities	-	-	-	1,500	22,454	23,954
Due to other governmental agencies	-	-	-	-	5,883	5,883
Due to other funds	-	99,176	-	689,816	-	788,992
Deposits	851,516	-	-	-	-	851,516
Accrued payroll	613,566	-	-	-	-	613,566
Advance from other funds	-	-	-	2,829,723	-	2,829,723
Total Liabilities	<u>1,774,643</u>	<u>99,651</u>	<u>1,715</u>	<u>3,568,439</u>	<u>100,809</u>	<u>5,545,257</u>
Deferred Inflows of Resources						
Unavailable revenues	266,471	-	-	424,442	-	690,913
Unearned revenues	4,227,848	3,056,750	-	499,239	746,931	8,530,768
Total Deferred Inflows of Resources	<u>4,494,319</u>	<u>3,056,750</u>	<u>-</u>	<u>923,681</u>	<u>746,931</u>	<u>9,221,681</u>
Fund Balances (Deficits)						
Nonspendable	276,062	-	-	114	25,848	302,024
Restricted	-	60,261	-	-	3,016,330	3,076,591
Committed	-	-	-	-	579,908	579,908
Assigned	-	-	101,016	-	2,236,147	2,337,163
Unassigned (Deficit)	6,128,113	-	-	(3,568,878)	-	2,559,235
Total Fund Balances (Deficits)	<u>6,404,175</u>	<u>60,261</u>	<u>101,016</u>	<u>(3,568,764)</u>	<u>5,858,233</u>	<u>8,854,921</u>
<i>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</i>						
	<u>\$ 12,673,137</u>	<u>\$ 3,216,662</u>	<u>\$ 102,731</u>	<u>\$ 923,356</u>	<u>\$ 6,705,973</u>	

See accompanying notes to the financial statements.

CITY OF HARTFORD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Debt Service	Capital Project Fund Veterans Park Pool Project	Capital Project Fund Other Projects	Nonmajor Governmental Funds	Totals
Total fund balances (deficits) from previous page	\$ 6,404,175	\$ 60,261	\$ 101,016	\$ (3,568,764)	\$ 5,858,233	\$ 8,854,921
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. (See Note II)						62,192,266
Some receivables that are not currently available are reported as deferred revenue in the fund financial statement but are recognized as revenue when earned in the government-wide statements.						690,913
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.						(1,399,743)
Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.						3,947,685
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.						327,375
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.						(279,347)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.						(1,907,092)
Internal service funds are reported in the statement of net position as governmental activities						3,933,444
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. (See Note II)						(29,706,369)
NET POSITION OF GOVERNMENTAL ACTIVITIES						<u>\$ 46,654,053</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General	Debt Service	Capital Project Fund Veterans Park Pool Project	Capital Project Fund Other Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 4,268,263	\$ 3,000,000	\$ -	\$ 381,704	\$ 707,388	\$ 8,357,355
Special assessments	66,992	-	-	19,124	63,789	149,905
Intergovernmental revenues	1,644,788	-	-	-	802,594	2,447,382
Licenses and permits	347,480	-	-	-	-	347,480
Fines, forfeitures and penalties	214,072	-	-	-	-	214,072
Public charges for services	1,181,449	-	-	-	488,077	1,669,526
Intergovernmental charges	373,554	-	-	-	-	373,554
Miscellaneous revenues	359,923	54,889	229,641	136,610	262,388	1,043,451
Total Revenues	8,456,521	3,054,889	229,641	537,438	2,324,236	14,602,725
EXPENDITURES						
Current						
General government	1,047,482	-	-	-	62,578	1,110,060
Public safety	4,626,450	-	-	-	-	4,626,450
Public works	2,553,693	-	-	-	265,333	2,819,026
Leisure activities	858,883	-	1,574	-	1,627,850	2,488,307
Conservation and development	180,363	-	-	633,526	44,310	858,199
Public service enterprise	139,504	-	-	-	-	139,504
Capital Outlay	341,684	-	-	2,248,217	1,472,043	4,061,944
Debt Service						
Principal, interest and fees	-	2,541,625	-	21,555	40,942	2,604,122
Total Expenditures	9,748,059	2,541,625	1,574	2,903,298	3,513,056	18,707,612
Excess (deficiency) of revenues over expenditures	(1,291,538)	513,264	228,067	(2,365,860)	(1,188,820)	(4,104,887)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	-	-	43,600	43,600
Transfers in	2,122,872	226,946	-	-	362,000	2,711,818
Transfers out	(426,301)	(703,840)	-	(74,543)	(273,065)	(1,477,749)
Total Other Financing Sources (Uses)	1,696,571	(476,894)	-	(74,543)	132,535	1,277,669
Net Change in Fund Balances	405,033	36,370	228,067	(2,440,403)	(1,056,285)	(2,827,218)
FUND BALANCES (DEFICITS) - Beginning of Year	5,999,142	23,891	(127,051)	(1,128,361)	6,914,518	11,682,139
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 6,404,175	\$ 60,261	\$ 101,016	\$ (3,568,764)	\$ 5,858,233	\$ 8,854,921

See accompanying notes to the financial statements.

CITY OF HARTFORD

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, 2019

Net change in fund balances - total governmental funds	\$ (2,827,218)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets 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	4,061,944
Some items reported as expenditures were capitalized	161,794
Some items reported as outlay were not capitalized	(857,042)
Depreciation is reported in the government-wide statements	(3,057,851)
Net book value of assets retired	(68,588)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	1,889,434
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Revenues are reported in the governmental funds when current financial resources are available, but are recognized when earned in the statement of activities.	409,597
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Internal service funds are used by management to charge various internal costs to individual funds. The change in net position of the internal service fund is reported with governmental activities.	746,532
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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	(7,243)
Other post employment benefits obligation - Health	(6,802)
Other post employment benefits obligation - LRLIF	31,535
Net pension liability	(2,540,916)
Deferred outflows related to pension and other postemployment benefits	1,811,321
Deferred inflows related to pension and other postemployment benefits	(17,067)
Accrued interest on debt	61,076

Governmental funds report debt premiums and discounts as other financing sources (uses) of expenditures. However, in the statement of net position, these are deferred and reported as additions 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 of debt premium	78,104
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (131,390)
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CITY OF HARTFORD

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2019

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and investments	\$ 2,809,121	\$ 2,394,813	\$ 3,875,712	\$ 596,944	\$ 9,676,590	\$ 3,907,335
Accounts receivable	5,068,571	418,973	346,413	225,591	6,059,548	21,924
Accrued investment income receivable	4,124	4,941	5,142	772	14,979	5,248
Inventories	738,814	47,739	-	33,646	820,199	6,080
Prepayments	54,453	104,485	25,331	11,560	195,829	46,352
Restricted assets - cash and investments	312,986	724,589	-	-	1,037,575	-
Total Current Assets	8,988,069	3,695,540	4,252,598	868,513	17,804,720	3,986,939
NON-CURRENT ASSETS						
Restricted Assets						
Cash and investments	359,849	371,842	630,182	-	1,361,873	-
Capital Assets						
Land	54,023	210,629	61,952	407,670	734,274	-
Buildings	7,949,168	751,313	21,055,172	233,093	29,988,746	-
Improvements other than buildings	29,722,675	35,072,980	18,706,054	513,781	84,015,490	-
Machinery and equipment	2,520,055	7,766,351	2,436,756	812,290	13,535,452	359,318
Construction in progress	507,402	67,577	-	261,414	836,393	-
Other property	193,533	-	3,267,234	-	3,460,767	-
Less: Accumulated depreciation	(21,487,175)	(13,233,906)	(18,907,334)	(769,973)	(54,398,388)	(313,420)
Other Assets						
Investment in CVMIC	-	-	-	-	-	345,000
Special assessments - due upon development	-	215,782	398,346	-	614,128	-
Advance to other funds	679,723	-	2,150,000	-	2,829,723	-
Due from other funds	2,464,955	-	-	-	2,464,955	-
Total Non-Current Assets	22,964,208	31,222,568	29,798,362	1,458,275	85,443,413	390,898
Total Assets	31,952,277	34,918,108	34,050,960	2,326,788	103,248,133	4,377,837
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to pension	536,404	186,164	191,100	125,367	1,039,035	-
Deferred outflow related to other postemployment benefits	9,234	45,093	31,184	2,514	88,025	-
Unamortized loss on refunding	99,744	138,562	-	-	238,306	-
Total Deferred Outflows of Resources	645,382	369,819	222,284	127,881	1,365,366	-

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2019

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts payable	\$ 1,769,178	\$ 72,283	\$ 94,636	\$ 9,423	\$ 1,945,520	\$ 15,400
Accrued liabilities	62,119	31,232	18,158	8,355	119,864	229,201
Community commitment	115,840	-	-	-	115,840	-
Customer deposits	1,231	7,938	-	-	9,169	-
Unearned revenue	-	-	-	-	-	199,792
Liabilities payable from restricted assets						
Current portion of revenue bonds	546,715	1,278,285	-	-	1,825,000	-
Accrued interest payable	39,628	85,447	-	-	125,075	-
Total Current Liabilities	<u>2,534,711</u>	<u>1,475,185</u>	<u>112,794</u>	<u>17,778</u>	<u>4,140,468</u>	<u>444,393</u>
NON-CURRENT LIABILITIES						
Long-term debt	2,240,768	5,454,515	-	-	7,695,283	-
Compensated absences	114,216	47,361	23,427	1,512	186,516	-
Net other postemployment benefits liability	47,874	17,384	17,384	13,105	95,747	-
Other post employment benefit obligation	1,070,120	319,440	338,427	-	1,727,987	-
Net pension liability	219,769	78,214	76,595	60,081	434,659	-
Due to other funds	-	2,464,955	-	10,574	2,475,529	-
Unearned revenue	-	224,472	398,346	-	622,818	-
Total Liabilities	<u>6,227,458</u>	<u>10,081,526</u>	<u>966,973</u>	<u>103,050</u>	<u>17,379,007</u>	<u>444,393</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow related to pension	309,554	107,801	108,857	69,691	595,903	-
Deferred inflow related to other postemployment benefits	42,347	15,165	14,947	3,503	75,962	-
Total Deferred Inflows of Resources	<u>351,901</u>	<u>122,966</u>	<u>123,804</u>	<u>73,194</u>	<u>671,865</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	17,131,791	24,412,548	26,619,834	1,458,275	69,622,448	45,898
Restricted bond covenants	273,358	639,142	-	-	912,500	-
Restricted for equipment replacement	-	-	630,182	-	630,182	-
Unrestricted (deficit)	<u>8,613,151</u>	<u>31,745</u>	<u>5,932,451</u>	<u>820,150</u>	<u>15,397,497</u>	<u>3,887,546</u>
TOTAL NET POSITION	<u>\$ 26,018,300</u>	<u>\$ 25,083,435</u>	<u>\$ 33,182,467</u>	<u>\$ 2,278,425</u>	<u>\$ 86,562,627</u>	<u>\$ 3,933,444</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$ 26,956,771	\$ 4,292,567	\$ 3,695,942	\$ 778,570	\$ 35,723,850	\$ 4,046,790
Other operating income	282,526	2,084	1,705	158,710	445,025	-
Total Operating Revenues	<u>27,239,297</u>	<u>4,294,651</u>	<u>3,697,647</u>	<u>937,280</u>	<u>36,168,875</u>	<u>4,046,790</u>
OPERATING EXPENSES						
Operating and maintenance	24,675,323	1,866,321	1,837,186	894,514	29,273,344	3,321,431
Depreciation	1,299,418	880,234	747,044	88,503	3,015,199	21,003
Taxes	23,356	3,907	11,761	32,301	71,325	-
Total Operating Expenses	<u>25,998,097</u>	<u>2,750,462</u>	<u>2,595,991</u>	<u>1,015,318</u>	<u>32,359,868</u>	<u>3,342,434</u>
Operating income (loss)	<u>1,241,200</u>	<u>1,544,189</u>	<u>1,101,656</u>	<u>(78,038)</u>	<u>3,809,007</u>	<u>704,356</u>
NONOPERATING REVENUES (EXPENSES)						
Operating grants	-	-	-	6,980	6,980	-
Gain (loss) on disposals	2,196	-	-	-	2,196	-
Investment income	134,911	101,788	94,370	18,839	349,908	88,368
Interest expense	(86,503)	(185,859)	-	-	(272,362)	-
Amortization of loss on refunding	(25,640)	(29,902)	-	-	(55,542)	-
Amortization of debt premium	15,632	36,621	-	-	52,253	-
Income from merchandising	76,348	-	-	-	76,348	-
Total Nonoperating Revenues (Expenses)	<u>116,944</u>	<u>(77,352)</u>	<u>94,370</u>	<u>25,819</u>	<u>159,781</u>	<u>88,368</u>
Income (loss) before contributions and transfers	<u>1,358,144</u>	<u>1,466,837</u>	<u>1,196,026</u>	<u>(52,219)</u>	<u>3,968,788</u>	<u>792,724</u>
CAPITAL CONTRIBUTIONS						
Customers	716,835	105,677	-	-	822,512	-
Pike Lake Collection System	-	-	18	-	18	-
Reserve capacity assessment	-	-	363,048	-	363,048	-
TRANSFERS IN	-	-	703,840	-	703,840	-
TRANSFERS OUT	<u>(569,560)</u>	<u>(584,865)</u>	<u>(619,233)</u>	<u>(118,059)</u>	<u>(1,891,717)</u>	<u>(46,192)</u>
Change in Net Position	<u>1,505,419</u>	<u>987,649</u>	<u>1,643,699</u>	<u>(170,278)</u>	<u>3,966,489</u>	<u>746,532</u>
NET POSITION - Beginning of Year	<u>24,512,881</u>	<u>24,095,786</u>	<u>31,538,768</u>	<u>2,448,703</u>	<u>82,596,138</u>	<u>3,186,912</u>
NET POSITION - END OF YEAR	<u>\$ 26,018,300</u>	<u>\$ 25,083,435</u>	<u>\$ 33,182,467</u>	<u>\$ 2,278,425</u>	<u>\$ 86,562,627</u>	<u>\$ 3,933,444</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds				Totals	Governmental
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 27,493,791	\$ 4,313,485	\$ 3,738,318	\$ 972,436	\$ 36,518,030	\$ 4,047,468
Paid to vendors for goods and services	(23,475,826)	(1,466,389)	(1,226,559)	(632,279)	(26,801,053)	(3,316,387)
Paid to employees for services	(1,101,763)	(608,896)	(556,224)	(276,886)	(2,543,769)	(82,413)
Net Cash Flows From Operating Activities	<u>2,916,202</u>	<u>2,238,200</u>	<u>1,955,535</u>	<u>63,271</u>	<u>7,173,208</u>	<u>648,668</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in (out)	(569,560)	(584,865)	84,607	(118,059)	(1,187,877)	(46,192)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	132,531	99,823	92,484	18,658	343,496	85,355
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(468,559)	(545,465)	(448,881)	(218,115)	(1,681,020)	(24,017)
Contribution received for construction	-	-	363,066	-	363,066	-
Special assessments received	-	-	1,705	-	1,705	-
Advance to other funds	(679,723)	-	(390,500)	-	(1,070,223)	-
Debt retired	(545,115)	(1,269,885)	(620,000)	-	(2,435,000)	-
Interest paid	(93,701)	(200,824)	(3,086)	-	(297,611)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(1,787,098)</u>	<u>(2,016,174)</u>	<u>(1,097,696)</u>	<u>(218,115)</u>	<u>(5,119,083)</u>	<u>(24,017)</u>
Net Change in Cash and Cash Equivalents	692,075	(263,016)	1,034,930	(254,245)	1,209,744	663,814
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,789,881</u>	<u>3,754,260</u>	<u>3,470,964</u>	<u>851,189</u>	<u>10,866,294</u>	<u>3,243,521</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,481,956</u>	<u>\$ 3,491,244</u>	<u>\$ 4,505,894</u>	<u>\$ 596,944</u>	<u>\$ 12,076,038</u>	<u>\$ 3,907,335</u>
CASH AND CASH EQUIVALENTS - END OF YEAR						
Unrestricted	\$ 2,809,121	\$ 2,394,813	\$ 3,875,712	\$ 596,944	\$ 9,676,590	\$ 3,907,335
Restricted	672,835	1,096,431	630,182	-	2,399,448	-
	<u>\$ 3,481,956</u>	<u>\$ 3,491,244</u>	<u>\$ 4,505,894</u>	<u>\$ 596,944</u>	<u>\$ 12,076,038</u>	<u>\$ 3,907,335</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income (loss)	\$ 1,241,200	\$ 1,544,189	\$ 1,101,656	\$ (78,038)	\$ 3,809,007	\$ 704,356
Adjustments to reconcile operating income (loss) to net cash flows from operating activities						
Non-operating income	76,348	-	-	6,980	83,328	-
Depreciation and amortization	1,299,418	880,234	747,044	88,503	3,015,199	21,003
Depreciation charged to other accounts	-	27,227	-	-	27,227	-
Change in assets and liabilities and deferred outflows/inflows						
Customer accounts receivable	(62,444)	(23,288)	(35,936)	20,119	(101,549)	-
Other accounts receivable	-	-	61,930	8,057	69,987	11,378
Inventory	(59,682)	2,114	-	(2,371)	(59,939)	(515)
Prepayments	211	11,130	233	(1,996)	9,578	(30,983)
Accounts payable	18,180	24,506	57,080	(6,647)	93,119	(8,428)
Accrued liabilities	(2,579)	(11,102)	1,537	87	(12,057)	-
Due from (to) other funds	242,115	(242,115)	-	10,574	10,574	-
Other postemployment benefits	33,116	(43,967)	(16,420)	-	(27,271)	-
Deferred outflow of resources	(281,466)	27,949	13,817	-	(239,700)	-
Other current liabilities	2,794	9,218	(6,543)	546	6,015	(37,443)
Pension liabilities	408,991	32,105	31,137	17,457	489,690	-
Unearned revenue/deferred inflows	-	-	-	-	-	(10,700)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 2,916,202</u>	<u>\$ 2,238,200</u>	<u>\$ 1,955,535</u>	<u>\$ 63,271</u>	<u>\$ 7,173,208</u>	<u>\$ 648,668</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Amortization of loss on refunding	\$ (25,640)	\$ (29,902)	\$ -	\$ -	\$ (55,542)	\$ -
Amortization of premium on long-term debt	\$ 15,632	\$ 36,621	\$ -	\$ -	\$ 52,253	\$ -
Capital contributions	\$ 716,835	\$ 105,677	\$ -	\$ -	\$ 822,512	\$ -

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
As of December 31, 2019

	<u>Custodial Fund</u>
	Tax Collection Fund
ASSETS	
Cash and investments	\$ 12,983,269
Taxes receivable	<u>11,979,798</u>
Total Assets	<u>24,963,067</u>
LIABILITIES	
Accounts payable	35,369
Due to other governmental agencies	<u>24,927,698</u>
Total Liabilities	<u>24,963,067</u>
TOTAL NET POSITION	<u>\$ -</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND For the Year Ended December 31, 2019

	<u>Custodial Fund</u> Tax Collection Fund
ADDITIONS	
Tax collections	\$ 19,153,241
DEDUCTIONS	
Payments to overlying districts	<u>19,153,241</u>
Change in Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

CITY OF HARTFORD

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CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Blended Component Units

The Hartford Downtown Business Improvement District serves all the citizens of the government and is governed by a board appointed and approved by the Common Council. The rates for user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The District is reported as a special revenue fund. Separately issued financial statements of the District may be obtained from the District office.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Hartford Community Development Authority

The government-wide financial statements include the Hartford Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the City Common Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. See Note IV.H. As a component unit, the CDA'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, 2019. Separately issued financial statements of the Hartford Community Development Authority may be obtained from the CDA's office at 109 N. Main Street, Hartford, WI 53027.

Fiduciary Component Units

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

Government-Wide Financial Statements

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Government-Wide Financial Statements (cont.)

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

Funds are organized as major funds or nonmajor funds within the governmental and proprietary 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 City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental 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 City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, 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 City reports the following major governmental funds:

- General Fund - accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- 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, other than TID or enterprise debt.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

The district reports the following major governmental funds: (cont.)

Veterans Park Pool - Capital Project Fund - used to account for and report financial resources that are assigned to expenditures for construction costs and other capital assets for the Veterans Park pool rehabilitation project.

Other Projects - Capital Project Fund - used to account for and report financial resources that are assigned to expenditures for construction costs and other capital assets for the various projects.

The City reports the following major enterprise funds:

Electric Utility - accounts for operations of the electric system

Water Utility - accounts for operations of the water system.

Wastewater Utility - accounts for operations of the sanitary sewer system.

The City reports the following nonmajor governmental and enterprise 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 debt service or capital projects).

State Fund

Library Fund

Transportation Program Fund

Recreation Center Fund

Business Improvement District Fund

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.

Parks Fund

Capital Improvements Fund

Enterprise Funds - used to account for and report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Airport Fund

Emergency Squad Fund

Cable Television Fund

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

In addition, the City reports the following fund types:

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

Data Processing Fund
Risk Management Fund
Health Self-Insurance Fund

Custodial Fund - used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Tax Collection Fund

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's electric and water and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for insurance proceeds which must be collected within approximately 120 days.. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Wastewater, Electric Utility, Airport, Emergency Squad and Cable TV are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary 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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

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

The City has adopted an investment policy. That policy contains the following guidelines:

Custodial Risk

Deposits and investments may only be made at entities that are insured by FDIC. Further, it is the City's policy to require that time deposits in excess of FDIC limits be secured by collateral or private insurance unless the financial institution meets certain prescribed standards as detailed in the City's investment policy.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

1. Deposits and Investments (cont.)

Credit Risk

The City's investment policy does not address this risk.

Concentration of Credit Risk

The City's investment policy includes diversification provisions. Under this policy, the City is limited as follows:

- > No more than 75% of its portfolio can be invested in US Government Agency securities, certificates of deposits, repurchase agreements, local government investment pool, commercial paper and the Wisconsin Investment Trust.
- > Up to 100% of the total portfolio can be invested in US Treasury obligations.
- > Certificates of deposits cannot have more than 50% of the total face value at any one financial institution.
- > Repurchase agreements cannot have more than 50% of the total face value at any one financial institution, unless agreement is for 5 days or less.

Interest Rate Risk

The City's investment policy requires that the City attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of purchase or in accordance with state and local statutes and ordinances. Reserve or other funds with longer-term investment horizons may be invested in securities exceeding five years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

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 methods and inputs as outlined in Note IV. A. 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 cash balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

1. Deposits and Investments (cont.)

The 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, 2019, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the city, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provisions for uncollectible accounts receivable has been made in the accompanying enterprise fund financial statements because the utilities have the right by law to place delinquent bills on the tax roll.

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 within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

2. Receivables (cont.)

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

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

Metered electric and water sales to consumers are billed at rates approved by the Public Service Commission of Wisconsin. Sewer service charges to consumers are billed at rates established by the City's Common Council. All customers are billed on a monthly basis, payable in 20 days. Delinquent balances at the time of the property tax lien date are placed on the customer's tax bill and collected through the normal tax collection process.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on FIFO, and charged to construction and/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.

4. Restricted Assets

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant 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 position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Land Improvements other than building	15-20 Years
Machinery and Equipment	5-20 Years
Utility System	5-90 Years
Infrastructure	20-50 Years
Intangibles	3-5 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 way as in the government-wide statements.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

6. *Deferred Outflows of Resources*

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

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

7. *Compensated Absences*

The amounts of unpaid vacation and sick leave accumulated by City employees for services to the Proprietary Funds are accrued as expenses when earned in Proprietary Funds. Earned but unpaid vacation is reflected as a current liability in these funds.

In governmental fund types, only the amounts that would normally be liquidated with expendable available financial resources are accrued as current year expenditures. The City uses the last-in, first-out method of recognizing the use of compensated absences. Thus unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditure is accrued. Compensated absences that will not be liquidated with expendable available financial resources are recorded as a liability

The City compensates all employees upon termination for earned vacations not taken and prorated to the date of termination. Generally, credit for paid vacation vests at the employee's anniversary date.

An employee can accumulate sick leave up to a maximum of 736 hours for patrolmen and 720 hours for all others. These benefits vest at 100% upon retirement or in the event of death while employed by the City. At December 31, 2019, vested accumulated unpaid sick leave is reported as a long-term obligation.

The amounts of unpaid vacation and sick leave accumulated by the Community Development Authority employees are accrued as expenses when earned. Earned but unpaid vacation is reflected as a current liability. The Authority uses the last-in, first-out method of recognizing the use of compensated absences. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expense is accrued.

The Authority compensates all employees upon termination for earned vacations not taken and prorated to the date of termination. Generally, credit for paid vacation vests at the employee's anniversary date. An employee can accumulate sick leave up to a maximum of 720 hours, and benefits vests at 100% upon retirement or in the event of death while employed by the Authority.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

7. Compensated Absences (cont.)

Payments for Paid Time Off (PTO) will be made at rates in effect when the benefits are used. Accumulated PTO liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

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, unfunded retirement liabilities, capital lease obligations 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 is reported as an other financing source 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 amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

From time to time, the City has issued Industrial Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2019, there were two series of Industrial Revenue Bonds outstanding. In December, 2004, the Community Development Authority approved the issuance of industrial revenue bonds of \$4.2 million. During 2007, the City approved the issuance of industrial revenue bonds of \$2.5 million. Therefore, the total conduit debt obligations of City are \$6.7 million for those obligations with outstanding balances at December 31, 2019.

9. Deferred Inflows of Resources

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position 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. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Common Council. 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 City Common Council that originally created the commitment.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City Common Council has, by resolution, adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

The City 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 City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of \$500,000. This amount is included in unassigned General Fund fund balance.

See Note IV. G. for further information.

11. Pension

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

12. Postemployment Benefits Other Than Pensions (OPEB)

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

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	\$ 62,238,164
Less: Internal Service Fund Capital Assets	<u>(45,898)</u>
Combined Adjustment for Capital Assets	<u>\$ 62,192,266</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$ 21,410,000
Compensated absences	459,540
Other postemployment benefits	7,101,752
Accrued interest	136,258
Unamortized premium	<u>598,819</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 29,706,369</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service Fund	\$ 2,538,853	\$ 2,541,625	\$ 2,772
Capital Project Fund - Other Projects	364,723	2,903,298	2,538,575
Special Revenue Fund - Business Improvement District	87,047	101,782	14,735

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

B. DEFICIT BALANCES

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

As of December 31, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
Capital Project Fund - Other Projects	\$ 3,568,764	Expenditures exceeding revenues

This deficit will be funded by future donations and future tax increment.

C. LIMITATIONS ON THE DISTRICT'S TAX LEVY

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Petty cash	\$ 1,650	\$ -	N/A
Demand Deposits	12,188,650	11,971,248	Custodial
Certificates of deposits	10,878,052	10,925,831	Custodial
US agencies	8,946,640	8,946,640	Credit, custodial, concentration of credit and interest rate
LGIP	9,430,112	9,430,112	Credit
Total Deposits and Investments	\$ 41,445,104	\$ 41,273,831	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 24,963,804		
Restricted cash and investments	3,498,031		
Per statement of fiduciary net position -			
fiduciary funds			
Custodial fund	12,983,269		
Total Deposits and Investments	\$ 41,445,104		

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
US agencies	\$ -	\$ 8,946,640	\$ -	\$ 8,946,640
Total	\$ -	\$ 8,946,640	\$ -	\$ 8,946,640

Custodial Credit Risk

Deposits

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

The City does not have any deposits exposed to custodial credit risk.

Investments

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

The City had \$8,946,640 of investments subject to custodial credit risk as of December 31, 2019. Of this amount, the entire balance was covered by securities held by an agency in the City'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, 2019, the City's investments were rated as follows:

Investment Type	Standard & Poors	Fitch Ratings	Moody's Investors Services
US agencies	AA+	Not Available	Aaa

The City also held investments in the following external pool which is not rated:

LGIP

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2019, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FNMA	US Agency	6.3%
Farm Credit	US Agency	11.6%
Freddie Mac	US Agency	7.1%

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, 2019, the City's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
US agencies	<u>\$ 8,946,640</u>	2.84

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year, except for special assessments of \$83,141 and notes receivable of \$401,739.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES (cont.)

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 8,530,768	\$ -
Special assessments	-	266,471
Grant receivables	-	424,442
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 8,530,768</u>	<u>\$ 690,913</u>
Unearned revenue included in deferred inflows	<u>8,530,768</u>	
Total Unearned Revenue for Governmental Funds	<u>\$ 8,530,768</u>	

Enterprise 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 Water Utility and Wastewater Utility had unearned revenue shown as liabilities, related to special assessments of \$224,472 and \$398,346, respectfully.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Special Revenue Fund

Certain cash and investments, accounts and notes receivable totaling approximately \$1.50 million at December 31, 2019 are restricted through various grant agreements with granting agencies.

Component Unit - Community Development Authority

Certain cash, cash equivalents, accounts receivable, due from other governments and notes receivable, accrued interest receivable and inventory within the Community Development Authority of the City of Hartford totaling \$1,435,043 are restricted for various grant disbursements as established by regulations and agreements with the granting agencies and debt covenants.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

C. RESTRICTED ASSETS (cont.)

Restricted assets of the Enterprise Fund are restricted in accordance with the applicable debt instruments and consist of the following cash, cash equivalents, and temporary investments:

	Restricted Assets
Electric Utility	
Special Redemption Fund	
Interest and Principal Account	\$ 312,986
Reserve Account	359,849
Water Utility	
Special Redemption Fund	
Bond depreciation account	724,589
Construction account	371,842
Wastewater Treatment	
Equipment replacement account	630,182
 Total	 \$ 2,399,448

Accounts and notes receivable at December 31, 2019 were comprised of the following:

	Special Revenue	Community Development Authority
Notes receivable - other	\$ 401,739	\$ 428,119
 Total accounts and notes receivable	 \$ 401,739	 \$ 428,229
Current	\$ 50,000	\$ 30,000
Noncurrent	351,739	398,119
 Total accounts and notes receivable	 \$ 401,739	 \$ 428,119

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

C. RESTRICTED ASSETS (cont.)

Special Revenue Fund notes receivable are primarily from various property and business owners with the City of Hartford and were issued to help finance housing and business improvement projects.

Community Development Authority notes receivable consist primarily of notes issued under the First Time Home Buyers Loan Program for \$103,200, certain rehabilitation notes of \$205,709, and notes to not for profit agencies totaling \$119,210. The notes to the not for profit agencies were initially financed with borrowings incurred by the Authority.

Some of the above notes are interest free while others have interest rates which range up to 5.5%. Interest rates are set by the City of Hartford and the State of Wisconsin. Certain notes are secured by business assets, mortgages on the related property and/or personal guarantees. The notes mature through the year 2026.

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,865,328	\$ -	\$ -	\$ 4,865,328
Construction in progress	<u>714,546</u>	<u>1,049,246</u>	<u>721,089</u>	<u>1,042,703</u>
Total Capital Assets Not Being Depreciated	<u>5,579,874</u>	<u>1,049,246</u>	<u>721,089</u>	<u>5,908,031</u>
Capital assets being depreciated/amortized				
Buildings	35,035,847	-	-	35,035,847
Improvements	3,315,961	-	-	3,315,961
Machinery and Equipment	12,679,192	1,924,687	581,334	14,022,545
Infrastructure	44,645,100	1,137,868	37,533	45,745,435
Intangibles	<u>287,260</u>	<u>-</u>	<u>-</u>	<u>287,260</u>
Total Capital Assets Being Depreciated/Amortized	<u>95,963,360</u>	<u>3,062,555</u>	<u>618,867</u>	<u>98,407,048</u>
Total Capital Assets	<u>101,543,234</u>	<u>4,111,801</u>	<u>1,339,956</u>	<u>104,315,079</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation/amortization for				
Buildings	\$ (8,775,635)	\$ (842,137)	\$ -	\$ (9,617,772)
Improvements	(1,778,213)	(133,003)	-	(1,911,216)
Machinery and Equipment	(9,497,677)	(782,616)	540,556	(9,739,737)
Infrastructure	(19,209,556)	(1,321,097)	9,723	(20,520,930)
Intangibles	(287,260)	-	-	(287,260)
Total Accumulated Depreciation/Amortization	(39,548,341)	(3,078,853)	550,279	(42,076,915)
Net Capital Assets Being Depreciated/Amortized	56,415,019	(16,298)	68,588	56,330,133
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 61,994,893	\$ 1,032,948	\$ 789,677	\$ 62,238,164

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 63,323
Protection of persons and property	540,823
Public works	1,567,784
Leisure activities	857,936
Conservation and development	27,984
Depreciation Expense-Allocated with Internal Service Fund	21,003
Total Governmental Activities Depreciation/Amortization Expense	\$ 3,078,853

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Adjustments*	Additions	Deletions	Ending Balance
Business-type Activities					
Capital assets not being depreciation					
Land	\$ 562,474	\$ 171,800	\$ 1,683	\$ 1,683	\$ 734,274
Construction in progress	<u>679,823</u>	<u>-</u>	<u>246,632</u>	<u>90,062</u>	<u>836,393</u>
Total Capital Assets Not Being Depreciation	<u>1,242,297</u>	<u>171,800</u>	<u>248,315</u>	<u>91,745</u>	<u>1,570,667</u>
Capital assets being depreciated					
Buildings	29,988,746	-	-	-	29,988,746
Improvements other than buildings	89,539,562	(7,045,969)	2,006,704	484,807	84,015,490
Machinery and equipment	6,424,099	6,874,169	342,454	105,270	13,535,452
Other property	<u>3,460,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,460,767</u>
Total Capital Assets Being Depreciated	<u>129,413,174</u>	<u>(171,800)</u>	<u>2,349,158</u>	<u>590,077</u>	<u>131,000,455</u>
Total Capital Assets	<u>130,655,471</u>	<u>-</u>	<u>2,597,473</u>	<u>681,822</u>	<u>132,571,122</u>
Less: Accumulated depreciation for					
Buildings	(14,052,127)	-	(535,721)	-	(14,587,848)
Improvements other than buildings	(29,267,139)	(1,972,363)	(2,152,784)	484,807	(32,907,479)
Machinery and equipment	(7,033,427)	1,972,363	(310,468)	105,270	(5,266,262)
Other property	<u>(1,593,345)</u>	<u>-</u>	<u>(43,454)</u>	<u>-</u>	<u>(1,636,799)</u>
Total Accumulated Depreciation	<u>(51,946,038)</u>	<u>-</u>	<u>(3,042,427)</u>	<u>590,077</u>	<u>(54,398,388)</u>
Net Capital Assets Being Depreciated	<u>77,467,136</u>	<u>(171,800)</u>	<u>(693,269)</u>	<u>-</u>	<u>76,602,067</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 78,709,433</u>	<u>\$ -</u>	<u>\$ (444,954)</u>	<u>\$ 91,745</u>	<u>\$ 78,172,734</u>

* Adjustment necessary to tie to PSC capital assets reported.

Depreciation expense was charged to functions as follows:

Business-type Activities	
Electric	\$ 1,299,418
Water	880,234
Wastewater	747,044
Nonmajor enterprise funds	<u>88,503</u>
Total Business-type Activities Depreciation Expense	<u>\$ 3,015,199</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 99,176
	Capital Project Fund - Other	
General Fund	Projects	689,816
	Enterprise Fund - Emergency	
General Fund	Squad Fund	10,574
Electric Utility	Water Utility	2,464,955
Total - Fund Financial Statements		3,264,521
Less: Fund eliminations		(3,253,947)
Less: Interfund advances		(2,829,723)
Total Internal Balances - Government-Wide Statement of Net Position		\$ (2,819,149)

All amounts are due within one year.

The principal reason for the above interfund amounts relates to a time lag between the dates the transactions are recorded and the dates payments are made between funds. All of the remaining amounts are due within one year.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. 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
Wastewater Utility	Capital Projects - Other Projects Fund	\$ 2,150,000	\$ 2,150,000
Electric Utility	Capital Projects - Other Projects Fund	<u>679,723</u>	679,723
Total		2,829,723	

No repayment schedules have been determined as of December 31, 2019.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General Fund	Enterprise Fund - Cable Television	\$ 115,000
	Enterprise Fund - Electric	549,562
	Enterprise Fund - Water	575,245
	Enterprise Fund - Wastewater	610,000
	Internal Service Fund - Risk Management	25,000
	Capital Projects Fund - Other Projects	248,065
Special Revenue Funds		
Recreation Fund	General Fund	342,000
Library	Internal Service Fund - Data Processing	5,000
Capital Projects Funds		
Parks	Internal Service Fund - Risk Management	15,000
Debt Service Fund	General Fund	84,301
	Special Revenue Fund - Library	25,000
	Capital Projects Fund - Other Projects	74,542
	Enterprise Fund - Electric	19,998
	Enterprise Fund - Water	9,620
	Enterprise Fund - Wastewater	9,233
	Enterprise Fund - Airport	535
	Enterprise Fund - Emergency Squad	2,047
	Enterprise Fund - Cable Television	477
	Internal Service Fund - Data Processing	893
	Internal Service Fund - Risk Management	199
	Internal Service Fund - Health Insurance	100
Enterprise Fund - Wastewater	Debt Service	<u>703,840</u>
Total - Fund Financial Statements		3,415,657
Less: Fund eliminations		(1,403,206)
Less: Government-wide eliminations		<u>(824,574)</u>
Total Transfers - Government-Wide Statement of Activities		<u>\$ 1,187,877</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Transfers (cont.)

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 23,260,000	\$ -	\$ 1,850,000	\$ 21,410,000	\$ 2,280,000
General obligation notes from direct borrowings and direct placements	39,434	-	39,434	-	-
(Discounts)/Premiums	676,923	-	78,104	598,819	-
Sub-totals	<u>23,976,357</u>	<u>-</u>	<u>1,967,538</u>	<u>22,008,819</u>	<u>2,280,000</u>
Other Liabilities					
Total other postemployment benefit liability - health	6,781,367	470,330	463,528	6,788,169	-
Net pension liability	-	1,399,743	-	1,399,743	-
Net other postemployment benefit liability - LRLIF	345,118	-	31,535	313,583	-
Accrued compensated absences	452,297	23,010	15,767	459,540	269,155
Total Other Liabilities	<u>7,578,782</u>	<u>1,893,083</u>	<u>510,830</u>	<u>8,961,035</u>	<u>269,155</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 31,555,139</u>	<u>\$ 1,893,083</u>	<u>\$ 2,478,368</u>	<u>\$ 30,969,854</u>	<u>\$ 2,549,155</u>
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 11,765,000	\$ -	\$ 2,435,000	\$ 9,330,000	\$ 1,825,000
(Discounts)/Premiums	242,535	-	52,252	190,283	-
Sub-totals	<u>12,007,535</u>	<u>-</u>	<u>2,487,252</u>	<u>9,520,283</u>	<u>1,825,000</u>
Other Liabilities					
Net pension liability	-	434,659	-	434,659	-
Net other postemployment benefit obligation - LRLIF	105,215	-	9,468	95,747	-
Total other postemployment benefit obligation - health	1,746,946	121,162	140,121	1,727,987	-
Accrued compensated absences	179,218	7,298	-	186,516	-
Total Other Liabilities	<u>2,031,379</u>	<u>563,119</u>	<u>149,589</u>	<u>2,444,909</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 14,038,914</u>	<u>\$ 563,119</u>	<u>\$ 2,636,841</u>	<u>\$ 11,965,192</u>	<u>\$ 1,825,000</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2019, was \$72,126,885. Total general obligation debt outstanding at year end was \$21,410,000.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

General Obligation Debt	Date of Issue	Interest Rates	Principal Payable	Original Indebtedness	Balance December 31, 2019
General Obligation Bonds and Refunding Bonds	12/1/07	5.20-6.00%	4/1/08-21	\$ 1,150,000	\$ 240,000
	6/26/12	1.50-3.50	5/1/14-32	4,975,000	4,400,000
	6/28/16	1.50-3.50	5/1/17-32	6,915,000	6,115,000
General Obligation Notes	8/3/10	1.50-3.20	8/1/11-20	3,580,000	330,000
	6/26/12	1.50-2.25	5/1/13-22	3,070,000	1,000,000
	8/5/14	1.00-4.00	8/1/15-24	5,215,000	4,125,000
	6/28/16	2.00-3.00	5/1/17-26	3,400,000	2,425,000
	4/10/18	2.00-4.00	11/1/19-27	2,900,000	<u>2,775,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 21,410,000</u>

Business-type Activities

Revenue bonds	Date of Issue	Interest Rates	Principal Payable	Original Indebtedness	Balance December 31, 2019
Revenue Bonds	10/12/11	2.00-3.50	7/1/13-23	\$ 3,175,000	\$ 1,300,000
Revenue Bonds	6/28/16	2.00-2.00	7/1/07-22	4,880,000	3,400,000
Revenue Bonds	12/28/17	2.00-3.00	7/1/18-24	4,790,000	<u>4,630,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 9,330,000</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities Revenue Debt	
	Principal	Interest	Principal	Interest
2020	\$ 2,280,000	\$ 592,479	\$ 1,825,000	\$ 250,150
2021	2,030,000	532,694	1,830,000	208,025
2022	1,975,000	481,688	1,850,000	163,500
2023	1,675,000	437,375	1,900,000	116,250
2024	4,400,000	394,438	1,925,000	57,750
2025-2029	6,275,000	909,813	-	-
2030-2032	2,775,000	121,563	-	-
Totals	<u>\$ 21,410,000</u>	<u>\$ 3,470,050</u>	<u>\$ 9,330,000</u>	<u>\$ 795,675</u>

Revenue Debt

Governmental activities revenue bonds are payable from revenues derived from .

The City has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 1998 through 2018. Proceeds from the bonds provided financing for the City's Electric, Water and Sewer Systems, including the refunding of outstanding debt. The bonds are payable solely from revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 17% for electric and 44% for water of net revenues. The total principal and interest remaining to be paid on the bonds is \$10,125,675. Principal and interest paid for the current year and total customer net revenues were \$2,732,561 and \$7,144,810, respectively.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Component Unit Long-Term Debt - Community Development Authority

Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
Redevelopment Revenue Bonds	09/01/07	4.5%	Semi-Annually	\$ 825,000	\$ 119,210
City of Hartford First National Bank Note	06/10/13	3.4	Annually	759,930	<u>286,768</u>
					<u>\$ 405,978</u>

Debt service requirements to maturity are as follows:

Years	Principal	Interest
2020	\$ 80,932	\$ 27,200
2021	83,754	22,348
2022	86,647	17,332
2023	35,435	12,440
2024	53,314	9,679
2025-2027	<u>65,896</u>	<u>14,032</u>
Totals	<u>\$ 405,978</u>	<u>\$ 103,031</u>

Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
Loans payable	5/1/2017	4/1/2037	2.30%	\$ 2,435,000	<u>\$ 2,184,020</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Component Unit Loans Payable	
	Principal	Interest
2020	\$ 102,560	\$ 49,447
2021	104,944	47,063
2022	107,383	44,624
2023	109,880	42,128
2024	112,433	39,573
2037-2029	602,603	157,431
2030-2034	675,969	84,062
2035-2037	368,248	11,769
Totals	\$ 2,184,020	\$ 476,097

Other Debt Information

Estimated payments of compensated absences, other postemployment benefit obligations and net pension liability are not included in the debt service requirement schedules. The compensated absences, other postemployment benefit obligations and net pension liability are attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the City's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 4,865,328
Construction in progress	1,042,703
Other capital assets, net of accumulated depreciation	56,330,133
Less: Long-term debt outstanding	(21,410,000)
Plus: Unspent capital related debt proceeds	634,910
Plus: Noncapital debt proceeds	240,000
Less: Unamortized debt premium	(598,819)
Total Net Investment in Capital Assets	<u>41,104,255</u>
Restricted	
Loan Programs	1,500,433
Library	<u>1,525,781</u>
Total Restricted	<u>3,026,214</u>
Unrestricted	<u>2,523,584</u>
Total Governmental Activities Net Position	<u>\$ 46,654,053</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>		<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
			<u>Veterans Park Pool Project</u>	<u>Other Projects</u>		
Fund Balances						
Nonspendable:						
Prepayments and inventories	\$ 276,062	\$ -	\$ -	\$ 114	\$ 25,848	\$ 302,024
Restricted for:						
Debt service	-	60,261	-	-	-	60,261
State loans	-	-	-	-	1,500,433	1,500,433
Library	-	-	-	-	1,515,897	1,515,897
Committed to:						
Transportation	-	-	-	-	194,517	194,517
Recreation Center	-	-	-	-	335,378	335,378
Business Improvement District	-	-	-	-	50,013	50,013
Assigned to:						
Capital improvements	-	-	101,016	-	857,052	958,068
Parks	-	-	-	-	1,379,095	1,379,095
Unassigned (deficit):	<u>6,128,113</u>	<u>-</u>	<u>-</u>	<u>(3,568,878)</u>	<u>-</u>	<u>2,559,235</u>
Total Fund Balances	<u>\$ 6,404,175</u>	<u>\$ 60,261</u>	<u>\$ 101,016</u>	<u>\$ (3,568,764)</u>	<u>\$ 5,858,233</u>	<u>\$ 8,854,921</u>

Business-type Activities

Net Investment in Capital Assets

Land	\$ 734,274
Construction in progress	836,393
Other capital assets, net of accumulated depreciation	76,602,067
Less: Long-term debt outstanding	(9,330,000)
Plus: Unspent capital related debt proceeds	731,691
Less: Unamortized debt premium	(190,283)
Plus: Unamortized loss on refunding	238,306
Total Net Investment in Capital Assets	<u>\$ 69,622,448</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNITS

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY

This report contains the Hartford Community Development Authority (Authority), which is included as a component unit.

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

The Authority, as a component unit of the City of Hartford, also maintains separate cash and investment accounts at the same financial institutions utilized by the City. Federal depository insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Hartford as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Authority as a component unit of the City.

Mandatory segregations of cash, cash equivalents and temporary investments by other external parties are presented as restricted cash.

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 933,580	\$ 965,893	Custodial credit risk
LGIP	<u>4,471</u>	<u>4,471</u>	Credit risk, Interest rate risk
Total Deposits and Investments	<u>\$ 938,051</u>	<u>\$ 970,364</u>	

Reconciliation to financial statements per
statement of net position

Unrestricted cash and investments	\$ 43,977
Restricted cash and investments	<u>894,074</u>
Total deposits and investments	<u>\$ 938,051</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to the Authority. The Authority maintains its deposits at the same institutions as the City and consequently, the custodial credit risk pertaining specifically to the Authority's resources cannot be determined.

Credit Risk

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

The Authority had investments in the external Wisconsin Local Government Investment Pool which is not rated.

c. Cash and Cash Equivalents

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

d. Capital Assets

A summary of changes in capital assets is as follows:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated				
Land	\$ 316,850	\$ -	\$ -	\$ 316,850
Capital assets being depreciated				
Buildings and improvements	5,856,080	-	-	5,856,080
Furniture and fixtures	467,383	-	-	467,383
Machinery and equipment	313,084	42,988	26,316	329,756
Total Capital Assets Being Depreciated	6,636,547	42,988	26,316	6,653,219
Less: Accumulated depreciation/ amortization	(3,580,943)	(167,483)	26,316	(3,722,110)
Totals	\$ 3,055,604	\$ (124,495)	\$ -	\$ 2,931,109

e. Long-Term Obligations

Long-term obligations activity for the years ended December 31, 2019 is as follows:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019	Amounts Due Within One Year
General obligation debt	\$ 365,325	\$ -	\$ 78,557	\$ 286,768	\$ 81,265
Revenue bonds	179,965	-	60,755	119,210	-
Mortgage note payable	100,000	-	100,000	-	-
Net OPEB Liability - LRLIF	28,681	-	2,471	26,210	-
Loans payable	2,284,249	-	100,229	2,184,020	102,560
Total OPEB - Health	552,661	42,175	50,400	544,436	-
Net pension liability	-	123,252	-	123,252	-
Totals	\$ 3,510,881	\$ 165,427	\$ 392,412	\$ 3,283,896	\$ 183,825

See Note IV.F. for additional information.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

f. Employee Retirement System

General Information About the Pension Plan

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

f. Employee Retirement System (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

f. Employee Retirement System (cont.)

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

During the reporting period, the WRS recognized \$36,466 in contributions from the Authority.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the Authority reported a liability of \$123,252 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Authority's proportion was 0.05502606%, which was an increase of 0.00093650% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Authority recognized pension expense of \$84,867.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

f. Employee Retirement System (cont.)

At December 31, 2019, the Authority reported deferred outflows of resources deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,295	\$ 192,577
Changes in assumptions	18,760	-
Net differences between projected and actual earnings on pension plan investments	202,739	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	621	28
Employer contributions subsequent to the measurement date	34,971	-
Totals	\$ 349,386	\$ 192,605

\$34,971 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 44,385
2021	11,271
2022	19,224
2023	46,930

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

f. Employee Retirement System (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

f. Employee Retirement System (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

f. Employee Retirement System (cont.)

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Authority's proportionate share of the net pension liability(asset)	\$489,816	\$123,252	\$(149,317)

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

g. Net Position

Net Investment in Capital Assets	
Land	\$ 316,850
Other capital assets, net of accumulated depreciation	2,931,109
Less: related long-term debt outstanding	(2,470,788)
Plus: noncapital related debt	<u>416,568</u>
Net Investment in Capital Assets	1,193,739
Restricted for grant programs	127,281
Unrestricted (deficit)	<u>(94,451)</u>
Total	<u><u>\$ 1,226,569</u></u>

h. Other Postemployment Benefits ("OPEB")

Health

Plan Description: The Authority administers a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees until eligible for Medicare. Once the retiree is eligible for Medicare, they may continue on the Authority's plan by paying 100% of the group premium. The Authority's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

For the years ended 2019, the Authority contributed \$38,360, to the plan.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	<u>10</u>
	12

Total OPEB Liability

For the year ended December 31, 2019, the Authority's total OPEB liability of \$544,436 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

h. Other Postemployment Benefits ("OPEB") (cont.)

Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

For the years ended December 31, 2019, the discount rate of 4.0% was based on Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2012 Mortality Table

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period 2015-17.

Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance, January 1, 2019	\$ 552,661
Changes for the year	
Service cost	23,099
Interest	19,076
Changes of assumptions	(12,040)
Benefit payments	(38,360)
Net Changes	8,225
Ending Balance, December 31, 2019	<u>\$ 544,436</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

h. Other Postemployment Benefits ("OPEB") (cont.)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 568,617	\$ 544,436	\$ 520,800

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5%)	1% Increase (8.5% Decreasing to 6%)
Total OPEB liability	\$ 504,127	\$ 544,436	\$ 590,396

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

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$40,837. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	\$ -	\$ 10,702
Employer contributions subsequent to the measurement date	54,590	-
Total	\$ 54,590	\$ 10,702

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

h. Other Postemployment Benefits ("OPEB") (cont.)

\$54,590 reported as deferred outflows related to OPEB resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2020	\$ (1,338)
2021	1,338
2022	1,338
2023	1,338
2024	1,338
Thereafter	4,012

Local Retiree Life Insurance Fund (LRLIF)

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

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

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

Local Retiree Life Insurance Fund (LRLIF) (cont.)

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

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

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

Contribution rates for the plan year reported as of December 31, 2019 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

**Life Insurance Employee Contribution Rates
For the Plan Year**

Attained Age	Basic
Under 30	\$0.05
30 - 34	0.06
34 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$196 in contributions from the employer.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

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

At December 31, 2019, the Authority reported a liability of \$26,210 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Authority's proportion was .159216%, which was a decrease of .003511% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$3,032.

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,327
Changes in assumptions	2,486	5,681
Net differences between projected and actual earnings on OPEB plan investments	624	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,726	-
Employer contributions subsequent to the measurement date	201	-
Total	\$ 5,037	\$ 7,008

\$201 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ (230)
2021	(230)
2022	(230)
2023	(318)
2024	(409)
Thereafter	(755)

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability:	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year TaxExempt Municipal Bond Yield	4.10%
LongTerm Expected Rate of Return:	5.0%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2019

Asset Class	Index	Target Allocation	LongTerm Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.3
LongTerm Expected Rate of Return			5.0

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

H. COMPONENT UNIT (cont.)

HARTFORD COMMUNITY DEVELOPMENT AUTHORITY (cont.)

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the longterm expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1percentagepoint lower (3.22 percent) or 1percentagepoint higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
Authority's Proportionate Share of the net OPEB liability-LRLIF	<u>\$ 37,285</u>	<u>\$ 26,210</u>	<u>\$ 17,668</u>

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$542,738 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the City reported a liability of \$1,834,402 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.05502606%, which was a decrease of 0.00093650% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$1,221,396.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,432,421	\$ 2,502,573
Changes in assumptions	311,229	-
Net differences between projected and actual earnings on pension plan investments	2,656,282	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,366	422
Employer contributions subsequent to the measurement date	<u>572,422</u>	<u>-</u>
Totals	<u>\$ 4,986,720</u>	<u>\$ 2,502,995</u>

\$572,422 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2020	\$ 696,446
2021	176,851
2022	301,645
2023	736,361

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$7,290,108	\$1,834,402	\$(2,222,337)

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

B. RISK MANAGEMENT

The City 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 City participates in a public entity risk pool called to provide coverage for losses from torts; errors and omission; and workers compensation. The risks of theft of, damage to or destruction of assets are covered through the purchase of commercial insurance, with minimal deductibles. However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the City in the general fund.

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

In 1988, the City issued \$345,000 taxable general obligation promissory notes, subsequently refinanced in 1990 with \$345,000 taxable general obligation refunding bonds to provide financing for the City's participation in the Wisconsin Municipal Insurance Commission (WMIC).

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately .96% or \$175,000.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

**Wisconsin Municipal Insurance Commission (WMIC)
Cities and Villages Mutual Insurance Company (CVMIC) (cont.)**

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from CVMIC's offices.

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$345,000 in the insurance internal service fund

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$50,000 per occurrence and an annual aggregate limit of \$200,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2019. A total liability of approximately \$10,837 at December 31, 2019, was recorded as claims payable in the insurance internal service fund. Changes in the fund's claims loss liability follow:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2018	\$ 75,218	\$ 314,998	\$ 372,678	\$ 17,538
2019	17,538	304,273	310,974	10,837

At December 31, 2019, the Risk Management Fund's net position was unrestricted for 2016 through 2019 claims in the amount of \$968,571.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Self-Insured Medical Care Coverage Plan

The City maintains a self-insured medical care coverage plan for its employees which are accounted for in the Internal Service Fund. The plan provides coverage up to a maximum of \$55,000 per contract and approximately \$2,051,787 for the aggregate of contracts. The City purchases commercial insurance for claims in excess of coverage provided by the fund.

All funds of the City participate in the plan. The City does not maintain a reserve for the coverage of catastrophe losses. The claims liability of \$218,364 at December 31, 2019 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Changes in the claims liability amount for the years ended December 31, 2019 and 2018 were as follows:

	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2018	\$ 303,466	\$ 1,303,885	\$ 1,358,245	\$ 249,106
2019	249,106	2,752,269	2,783,011	218,364

C. COMMITMENTS AND CONTINGENCIES

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

From time to time, the City 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 City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has several environmental issues presently pending concerning groundwater and soil contamination. At the present time, remedial action plans and related costs cannot be determined.

The City has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$324 million as of December 31, 2019.

D. OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN - HEALTH

Plan description. The City administers a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees until eligible for Medicare. Once the retiree is eligible for Medicare, they may continue on the City's plan by paying 100% of the group premium. The City's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Active plan members	<u>99</u>

121

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

TOTAL OPEB LIABILITY

The City's total OPEB liability of \$8,516,156 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	7.50% decreasing by .50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter

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

Mortality rates were based on the Wisconsin 2012 Mortality Table

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period 2015 - 2017.

CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balances at December 31, 2018	<u>\$ 8,528,313</u>
Changes for the year:	
Service cost	293,587
Interest	297,904
Changes in assumptions or other inputs	(276,543)
Benefit payments	<u>(327,105)</u>
Net changes	<u>(12,157)</u>
Balances at December 31, 2019	<u><u>\$ 8,516,156</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2018 to 4.00 percent in 2019.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 9,076,094	\$ 8,516,156	\$ 7,984,974

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

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Total OPEB liability	\$ 7,727,259	\$ 8,516,156	\$ 9,419,584

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$560,764. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs Employer contributions subsequent to the measurement date	\$ - 336,410	\$ 245,815 -
Total	\$ 336,410	\$ 245,815

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

\$336,410 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>
2020	\$ (30,727)
2021	(30,727)
2022	(30,727)
2023	(30,727)
2024	(30,727)
Thereafter	(92,180)

Local Retiree Life Insurance Fund (LRLIF)

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

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

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

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

Contribution rates for the plan year reported as of December 31, 2019 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

Life Insurance Employee Contribution Rates For the Plan Year

Attained Age	Basic
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$3,056 in contributions from the employer.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

At December 31, 2019, the City reported a liability of \$409,330 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.16879200%, which was an increase of 0.00957600% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized OPEB expense of \$44,929.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,767
Net differences between projected and actual earnings on OPEB plan investments	9,785	-
Changes in assumptions	39,071	88,727
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,984	-
Employer contributions subsequent to the measurement date	3,150	-
Total	\$ 78,990	\$ 109,494

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

\$3,150 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ (3,559)
2021	(3,559)
2022	(3,559)
2023	(4,933)
2024	(6,348)
Thereafter	(11,696)

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
US Municipal Bonds	Bloomberg Barclays Muni	1	1.68
Inflation			2.30
Long-Term Expected Rate of Return			5.00

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the district's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
City's proportionate share of the net OPEB liability	<u>\$582,300</u>	<u>\$409,330</u>	<u>\$275,924</u>

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

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

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

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

F. DONATION OF LAND

The City purchased approximately 500 acres of land in 1987 for the possible creation of an industrial park. In 1988, 200 acres of land was donated to the Hartford Area Development Corporation (HADC), a not-for-profit corporation. It is presently the intent of HADC to sell this land and utilize the land sale proceeds in its marketing and development efforts related to the City's industrial parks. As of December 31, 2019, less than 25 acres remain unsold.

G. MAJOR CUSTOMERS

The Proprietary Fund - Enterprise Funds derived 31.55% or approximately \$11.3 million of its 2019 revenue from two industrial customers, each of which are approximately 15.15% and 16.4%, respectively, of user charges.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HARTFORD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,181,462	\$ 4,181,462	\$ 4,268,263	86,801
Special assessments	65,000	65,000	66,992	1,992
Intergovernmental	1,630,259	1,630,259	1,644,788	14,529
Licenses and permits	317,655	317,655	347,480	29,825
Fines, forfeitures and penalties	249,200	249,200	214,072	(35,128)
Public charges for services	1,265,808	1,265,808	1,181,449	(84,359)
Interdepartmental revenues	373,226	373,226	373,554	328
Miscellaneous revenues	129,000	129,000	359,923	230,923
Total Revenues	8,211,610	8,211,610	8,456,521	244,911
EXPENDITURES				
Current				
General government	1,137,742	1,137,742	1,047,482	90,260
Public Safety	4,788,622	4,788,622	4,626,450	162,172
Public works	2,543,748	2,581,148	2,553,693	27,455
Leisure activities	969,910	971,110	858,883	112,227
Conservation and development	173,898	173,898	180,363	(6,465)
Public service enterprise	159,769	159,769	139,504	20,265
Capital Outlay	273,465	273,465	341,684	(68,219)
Total Expenditures	10,047,154	10,085,754	9,748,059	337,695
Excess of revenues over (under) expenditures	(1,835,544)	(1,874,144)	(1,291,538)	582,606
OTHER FINANCING SOURCES (USES)				
Transfers in	2,229,215	2,229,215	2,122,872	(106,343)
Transfers out	(426,301)	(426,301)	(426,301)	-
Net Changes in Fund Balance	\$ (32,630)	\$ (71,230)	405,033	\$ 476,263
FUND BALANCE - Beginning of Year			5,999,142	
FUND BALANCE - END OF YEAR			\$ 6,404,175	

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

CITY OF HARTFORD

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB HEALTH INSURANCE LIABILITY
 AND RELATED RATIOS
 For the year ended December 31, 2019

	<u>2018</u>	<u>2019</u>
Service Cost	\$ 293,587	\$ 293,587
Interest on total OPEB Liability	270,259	297,904
Prior year adjustment	3,987,100	-
Changes in assumptions	-	(276,543)
Benefit Payments	<u>(307,524)</u>	<u>(327,105)</u>
Net Change in Total OPEB Liability	<u>4,243,422</u>	<u>(12,157)</u>
 Total OPEB Liability-Health Beginning	 <u>4,284,891</u>	 <u>8,528,313</u>
 Total OPEB Liability-Health Ending	 <u>\$ 8,528,313</u>	 <u>\$ 8,516,156</u>
 Covered Employee Payroll	 \$ 6,558,017	 \$ 6,059,048
 Total OPEB Liability as a Percentage of Covered Payroll	 130.04%	 140.55%

CITY OF HARTFORD

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND EMPLOYER CONTRIBUTIONS
 LOCAL LIFE INSURANCE FUND
 For the year ended December 31, 2019

	<u>2018</u>	<u>2019</u>
Schedule of Employer's Proportionate Share of the Net OPEB Liability		
Employer's proportion of the net OPEB liability	0.1529216%	0.1687920%
Employer's proportionate share of the net OPEB liability	\$ 450,333	\$ 409,330
Employer's covered-employee payroll	\$ 6,293,759	\$ 7,040,000
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	7.16%	6.19%
Plan fiduciary net position as a percentage of the total OPEB liability	44.81%	48.69%
Schedule of Employer Contributions (Fiscal Year Basis)		
Contractually required contributions	\$ 3,061	\$ 3,150
Contributions in relation to the contractually required contributions	\$ 3,061	\$ 3,150
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll	\$ 6,293,759	\$ 7,819,199
Contributions as a percentage of covered-employee payroll	0.048635%	0.040285%

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

CITY OF HARTFORD

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.05524144%	\$ (1,249,857)	\$ 6,146,412	20.33%	102.74%
12/31/15	0.05429231%	813,589	6,245,170	13.03%	98.20%
12/31/16	0.05376890%	410,625	6,307,985	6.37%	99.12%
12/31/17	0.05408956%	(1,505,516)	6,513,767	22.74%	102.93%
12/31/18	0.05502606%	1,834,402	7,365,363	26.58%	96.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 476,369	\$ 476,369	\$ -	\$ 6,245,170	7.63%
12/31/16	451,558	451,558	-	6,307,985	7.16%
12/31/17	520,947	520,947	-	6,513,767	8.00%
12/31/18	542,738	542,738	-	6,811,093	7.97%
12/31/19	572,422	572,422	-	7,819,199	7.32%

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

CITY OF HARTFORD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and For the Year Ended December 31, 2019

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting as described in Note I C.

The City adopted annual Governmental Fund budgets for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. These budgets are adopted in accordance with Wisconsin Statute 65.90. All appropriations lapse at year-end unless specifically carried over by the Common Council. Budgetary control is exercised at the fund level for all funds.

WISCONSIN RETIREMENT SYSTEM AND LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

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

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

Changes of benefit terms – There were no changes of benefit terms for any participating employer in Wisconsin Retirement System or Local Retiree Life Insurance Fund.

Changes of assumptions – Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the net pension and net OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

OTHER POST EMPLOYMENT BENEFITS - HEALTH

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

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

Changes of benefit terms - OPEB Health. There were no changes of benefit terms

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

See independent auditors' report.

SUPPLEMENTARY INFORMATION

CITY OF HARTFORD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of December 31, 2019

	Special Revenue Funds					Capital Project Funds		Total Nonmajor Funds
	State	Library	Transportation Program	Recreation Center	Business Improvement District	Parks	Capital Improvements	
ASSETS								
Current Assets								
Cash and investments	\$ -	\$ 1,565,954	\$ 89,017	\$ 355,162	\$ 17,960	\$ 1,377,297	\$ 887,738	\$ 4,293,128
Taxes receivable	-	698,733	34,299	-	-	-	-	733,032
Accounts receivable	-	-	-	-	7,459	-	-	7,459
Due from other governmental agencies	-	-	114,155	-	25,814	-	-	139,969
Accrued investment income receivable	-	2,245	146	472	-	1,798	1,443	6,104
Prepayments	-	9,884	7,033	8,931	-	-	-	25,848
Total Current Assets	-	2,276,816	244,650	364,565	51,233	1,379,095	889,181	5,205,540
Restricted Assets								
Cash and investments	1,098,583	-	-	-	-	-	-	1,098,583
Notes receivable	401,739	-	-	-	-	-	-	401,739
Accrued investment income receivable	9	-	-	-	-	-	-	9
Prepayments	102	-	-	-	-	-	-	102
Total Restricted Assets	1,500,433	-	-	-	-	-	-	1,500,433
TOTAL ASSETS	\$ 1,500,433	\$ 2,276,816	\$ 244,650	\$ 364,565	\$ 51,233	\$ 1,379,095	\$ 889,181	\$ 6,705,973
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ 15,949	\$ 2,918	\$ 20,256	\$ 1,220	\$ -	\$ 32,129	\$ 72,472
Accrued liabilities	-	22,454	-	-	-	-	-	22,454
Due to other governmental agencies	-	-	5,883	-	-	-	-	5,883
Advance from other funds	-	-	-	-	-	-	-	-
Total Liabilities	-	38,403	8,801	20,256	1,220	-	32,129	100,809
Deferred Inflows of Resources								
Unearned revenues	-	712,632	34,299	-	-	-	-	746,931
Total Deferred Inflows of Resources	-	712,632	34,299	-	-	-	-	746,931
Fund Balances								
Nonspendable	-	9,884	7,033	8,931	-	-	-	25,848
Restricted	1,500,433	1,515,897	-	-	-	-	-	3,016,330
Committed	-	-	194,517	335,378	50,013	-	-	579,908
Assigned	-	-	-	-	-	1,379,095	857,052	2,236,147
Total Fund Balances	1,500,433	1,525,781	201,550	344,309	50,013	1,379,095	857,052	5,858,233
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,500,433	\$ 2,276,816	\$ 244,650	\$ 364,565	\$ 51,233	\$ 1,379,095	\$ 889,181	\$ 6,705,973

CITY OF HARTFORD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Funds					Capital Project Funds		Total Nonmajor Funds
	State	Library	Transportation Program	Recreation Center	Business Improvement District	Parks	Capital Improvements	
REVENUES								
Taxes								
General property tax	\$ -	\$ 684,733	\$ 22,655	\$ -	\$ -	\$ -	\$ -	\$ 707,388
Increment	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	63,789	-	-	63,789
Intergovernmental								
Federal grants and aids	-	-	121,248	-	-	-	304,560	425,808
State grants and aids	-	-	71,113	-	-	-	-	71,113
County aids	-	305,673	-	-	-	-	-	305,673
Public charges for services								
Fees/fares	-	18,046	58,656	352,045	-	59,330	-	488,077
Miscellaneous revenues								
Investment income	8,460	47,779	3,076	8,964	36	34,017	39,189	141,521
Other	116	21,273	30,134	39,432	29,912	-	-	120,867
Total Revenues	<u>8,576</u>	<u>1,077,504</u>	<u>306,882</u>	<u>400,441</u>	<u>93,737</u>	<u>93,347</u>	<u>343,749</u>	<u>2,324,236</u>
EXPENDITURES								
Current								
General government	1,730	-	-	-	60,848	-	-	62,578
Public works	-	-	265,333	-	-	-	-	265,333
Leisure activities	-	895,690	-	732,160	-	-	-	1,627,850
Conservation and development	-	-	-	-	-	44,310	-	44,310
Debt Service								
Principal, interest and fees	8	-	-	-	40,934	-	-	40,942
Capital Outlay	-	6,129	37,428	-	-	7,522	1,420,964	1,472,043
Total Expenditures	<u>1,738</u>	<u>901,819</u>	<u>302,761</u>	<u>732,160</u>	<u>101,782</u>	<u>51,832</u>	<u>1,420,964</u>	<u>3,513,056</u>
Excess (deficiency) of revenues over expenditures	<u>6,838</u>	<u>175,685</u>	<u>4,121</u>	<u>(331,719)</u>	<u>(8,045)</u>	<u>41,515</u>	<u>(1,077,215)</u>	<u>(1,188,820)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	-	-	-	-	-	-	43,600	43,600
Transfers in	-	5,000	-	342,000	-	15,000	-	362,000
Transfers out	-	(25,000)	-	-	-	-	(248,065)	(273,065)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>342,000</u>	<u>-</u>	<u>15,000</u>	<u>(204,465)</u>	<u>132,535</u>
Net change in fund balances	<u>6,838</u>	<u>155,685</u>	<u>4,121</u>	<u>10,281</u>	<u>(8,045)</u>	<u>56,515</u>	<u>(1,281,680)</u>	<u>(1,056,285)</u>
FUND BALANCES - Beginning of Year	<u>1,493,595</u>	<u>1,370,096</u>	<u>197,429</u>	<u>334,028</u>	<u>58,058</u>	<u>1,322,580</u>	<u>2,138,732</u>	<u>6,914,518</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,500,433</u>	<u>\$ 1,525,781</u>	<u>\$ 201,550</u>	<u>\$ 344,309</u>	<u>\$ 50,013</u>	<u>\$ 1,379,095</u>	<u>\$ 857,052</u>	<u>\$ 5,858,233</u>

CITY OF HARTFORD

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2019

	<u>Airport</u>	<u>Emergency Squad</u>	<u>Cable Television</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
Current assets				
Cash and investments	\$ 232,448	\$ -	\$ 364,496	\$ 596,944
Customer accounts receivable	11,416	198,352	-	209,768
Other accounts receivable	-	15,823	-	15,823
Accrued investment income receivable	312	4	456	772
Inventories	33,646	-	-	33,646
Prepaid expenses	768	8,865	1,927	11,560
Total Current Assets	<u>278,590</u>	<u>223,044</u>	<u>366,879</u>	<u>868,513</u>
Noncurrent Assets				
Capital Assets				
Land	340,291	67,379	-	407,670
Buildings	226,293	6,800	-	233,093
Improvements other than buildings	513,781	-	-	513,781
Machinery and equipment	277,604	490,807	43,879	812,290
Construction in progress	261,414	-	-	261,414
	<u>1,619,383</u>	<u>564,986</u>	<u>43,879</u>	<u>2,228,248</u>
Less: Accumulated depreciation	394,584	332,196	43,193	769,973
Net Property, Plant and Equipment	<u>1,224,799</u>	<u>232,790</u>	<u>686</u>	<u>1,458,275</u>
Total Noncurrent Assets	<u>1,224,799</u>	<u>232,790</u>	<u>686</u>	<u>1,458,275</u>
Total Assets	<u>1,503,389</u>	<u>455,834</u>	<u>367,565</u>	<u>2,326,788</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	-	94,196	31,171	125,367
Other postemployment benefits related amounts	-	1,673	841	2,514
Total Deferred Outflows of Resources	<u>-</u>	<u>95,869</u>	<u>32,012</u>	<u>127,881</u>
LIABILITIES				
Current liabilities				
Accounts payable	1,415	7,558	450	9,423
Other accrued liabilities	-	-	8,355	8,355
Total Current Liabilities	<u>1,415</u>	<u>7,558</u>	<u>8,805</u>	<u>17,778</u>
Noncurrent liabilities				
Net other postemployment benefits liability	-	8,692	4,413	13,105
Accrued compensated absences	-	-	1,512	1,512
Net pension liability	-	46,808	13,273	60,081
Due to other funds	-	10,574	-	10,574
Total Liabilities	<u>1,415</u>	<u>73,632</u>	<u>28,003</u>	<u>103,050</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	-	52,288	17,403	69,691
Other postemployment benefits related amounts	-	2,324	1,179	3,503
Total Deferred Outflows of Resources	<u>-</u>	<u>54,612</u>	<u>18,582</u>	<u>73,194</u>
NET POSITION				
Net investment in capital assets	1,224,799	232,790	686	1,458,275
Unrestricted	277,175	190,669	352,306	820,150
TOTAL NET POSITION	<u>\$ 1,501,974</u>	<u>\$ 423,459</u>	<u>\$ 352,992</u>	<u>\$ 2,278,425</u>

CITY OF HARTFORD

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	<u>Airport</u>	<u>Emergency Squad</u>	<u>Cable Television</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ -	\$ 584,189	\$ 194,381	\$ 778,570
Other revenue	155,841	2,869	-	158,710
Total Operating Revenues	<u>155,841</u>	<u>587,058</u>	<u>194,381</u>	<u>937,280</u>
OPERATING EXPENSES				
Operating and maintenance	155,121	666,948	72,445	894,514
Depreciation	27,332	59,210	1,961	88,503
Taxes	2,337	26,961	3,003	32,301
Total Operating Expenses	<u>184,790</u>	<u>753,119</u>	<u>77,409</u>	<u>1,015,318</u>
Operating Income (Loss)	<u>(28,949)</u>	<u>(166,061)</u>	<u>116,972</u>	<u>(78,038)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental aid	-	6,980	-	6,980
Investment income	9,541	863	8,435	18,839
Total Non-Operating Revenue (Expenses)	<u>9,541</u>	<u>7,843</u>	<u>8,435</u>	<u>25,819</u>
Net Income (Loss) Before Transfers	(19,408)	(158,218)	125,407	(52,219)
TRANSFERS OUT	<u>(535)</u>	<u>(2,047)</u>	<u>(115,477)</u>	<u>(118,059)</u>
Change in net position	(19,943)	(160,265)	9,930	(170,278)
Net Position - Beginning of Year	<u>1,521,917</u>	<u>583,724</u>	<u>343,062</u>	<u>2,448,703</u>
NET POSITION - END OF YEAR	<u>\$ 1,501,974</u>	<u>\$ 423,459</u>	<u>\$ 352,992</u>	<u>\$ 2,278,425</u>

CITY OF HARTFORD

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2019

	Airport	Emergency Squad	Cable Television	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 163,365	\$ 614,690	\$ 194,381	\$ 972,436
Payments to vendors	(139,761)	(462,783)	(29,735)	(632,279)
Payments to employees	(28,996)	(208,364)	(39,526)	(276,886)
Net Cash Flows From Operating Activities	<u>(5,392)</u>	<u>(56,457)</u>	<u>125,120</u>	<u>63,271</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in (out)	<u>(535)</u>	<u>(2,047)</u>	<u>(115,477)</u>	<u>(118,059)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>9,543</u>	<u>911</u>	<u>8,204</u>	<u>18,658</u>
Net Cash Flows From Investing Activities	<u>9,543</u>	<u>911</u>	<u>8,204</u>	<u>18,658</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	<u>(218,115)</u>	<u>-</u>	<u>-</u>	<u>(218,115)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(218,115)</u>	<u>-</u>	<u>-</u>	<u>(218,115)</u>
Change in cash and cash equivalents	<u>(214,499)</u>	<u>(57,593)</u>	<u>17,847</u>	<u>(254,245)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>446,947</u>	<u>57,593</u>	<u>346,649</u>	<u>851,189</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 232,448</u>	<u>\$ -</u>	<u>\$ 364,496</u>	<u>\$ 596,944</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ (28,949)	\$ (166,061)	\$ 116,972	\$ (78,038)
Adjustments to reconcile income (loss) to net cash flows from operating activities:				
Non-operating income	-	6,980	-	6,980
Depreciation	27,332	59,210	1,961	88,503
Change in assets, deferred outflow/inflows and liabilities				
Customer accounts receivable	-	20,119	-	20,119
Other accounts receivable	7,524	533	-	8,057
Inventory	(2,371)	-	-	(2,371)
Prepayments	315	(2,360)	49	(1,996)
Accounts payable	(9,243)	2,146	450	(6,647)
Payable to municipality	-	10,574	-	10,574
Accrued liabilities	-	-	87	87
Other current liabilities	-	-	546	546
Pension & OPEB related deferrals and liabilities	-	12,402	5,055	17,457
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (5,392)</u>	<u>\$ (56,457)</u>	<u>\$ 125,120</u>	<u>\$ 63,271</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HARTFORD

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2019

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 121,667	\$ 633,008	\$ 3,152,660	\$ 3,907,335
Accounts receivable	-	-	21,924	21,924
Accrued investment income receivable	162	772	4,314	5,248
Inventories	6,080	-	-	6,080
Prepaid expenses	44,522	827	1,003	46,352
Total Current Assets	<u>172,431</u>	<u>634,607</u>	<u>3,179,901</u>	<u>3,986,939</u>
Machinery and Equipment	359,318	-	-	359,318
Less: Accumulated depreciation	<u>(313,420)</u>	<u>-</u>	<u>-</u>	<u>(313,420)</u>
Net Property, Plant and Equipment	<u>45,898</u>	<u>-</u>	<u>-</u>	<u>45,898</u>
Other Assets - Investment with CVMIC	<u>-</u>	<u>345,000</u>	<u>-</u>	<u>345,000</u>
Total Assets	<u>218,329</u>	<u>979,607</u>	<u>3,179,901</u>	<u>4,377,837</u>
LIABILITIES				
Accounts payable	13,049	199	2,152	15,400
Accrued liabilities	-	10,837	218,364	229,201
Unearned revenue	<u>-</u>	<u>-</u>	<u>199,792</u>	<u>199,792</u>
Total Current Liabilities	<u>13,049</u>	<u>11,036</u>	<u>420,308</u>	<u>444,393</u>
NET POSITION				
Net investment in capital assets	45,898	-	-	45,898
Unrestricted	<u>159,382</u>	<u>968,571</u>	<u>2,759,593</u>	<u>3,887,546</u>
TOTAL NET POSITION	<u>\$ 205,280</u>	<u>\$ 968,571</u>	<u>\$ 2,759,593</u>	<u>\$ 3,933,444</u>

CITY OF HARTFORD

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
OPERATING REVENUES				
Charges for services	\$ 232,524	\$ 634,472	\$ 3,179,794	\$ 4,046,790
OPERATING EXPENSES				
Operating and maintenance	203,909	496,461	2,621,061	3,321,431
Depreciation	21,003	-	-	21,003
Total Operating Expenses	224,912	496,461	2,621,061	3,342,434
Operating Income	7,612	138,011	558,733	704,356
NONOPERATING REVENUES				
Investment income	3,055	10,631	74,682	88,368
Total Nonoperating Revenues	3,055	10,631	74,682	88,368
Income Before Transfers	10,667	148,642	633,415	792,724
TRANSFERS OUT	(5,893)	(40,199)	(100)	(46,192)
Change in net position	4,774	108,443	633,315	746,532
NET POSITION - Beginning of Year	200,506	860,128	2,126,278	3,186,912
NET POSITION - END OF YEAR	\$ 205,280	\$ 968,571	\$ 2,759,593	\$ 3,933,444

CITY OF HARTFORD

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 235,573	\$ 634,472	\$ 3,177,423	\$ 4,047,468
Payments to vendors	(168,605)	(499,410)	(2,648,372)	(3,316,387)
Payments to employees	(60,640)	(16,020)	(5,753)	(82,413)
Net Cash Flows From Operating Activities	<u>6,328</u>	<u>119,042</u>	<u>523,298</u>	<u>648,668</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>2,997</u>	<u>10,153</u>	<u>72,205</u>	<u>85,355</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	<u>(24,017)</u>	<u>-</u>	<u>-</u>	<u>(24,017)</u>
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES				
Transfers (out) in	<u>(5,893)</u>	<u>(40,199)</u>	<u>(100)</u>	<u>(46,192)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(5,893)</u>	<u>(40,199)</u>	<u>(100)</u>	<u>(46,192)</u>
Net change in cash and cash equivalents	(20,585)	88,996	595,403	663,814
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>142,252</u>	<u>544,012</u>	<u>2,557,257</u>	<u>3,243,521</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 121,667</u>	<u>\$ 633,008</u>	<u>\$ 3,152,660</u>	<u>\$ 3,907,335</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating income	\$ 7,612	\$ 138,011	\$ 558,733	\$ 704,356
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	21,003	-	-	21,003
Change in assets, deferred outflows/inflows and liabilities				
Accounts receivable	3,049	-	8,329	11,378
Inventory	(515)	-	-	(515)
Prepayments	(30,099)	(115)	(769)	(30,983)
Accounts payable	5,278	(12,153)	(1,553)	(8,428)
Other current liabilities	-	(6,701)	(30,742)	(37,443)
Deferred inflow of resources	-	-	(10,700)	(10,700)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ 6,328</u>	<u>\$ 119,042</u>	<u>\$ 523,298</u>	<u>\$ 648,668</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				