

City of Hartford

Financial Statements and
Supplementary Information

December 31, 2021

City of Hartford

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the City Common Council of
City of Hartford

Report on the Audit of the Financial Statements

Opinions

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 (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of December 31, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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'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 have also issued our report dated August 23, 2022 on our consideration of the City'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'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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin
August 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Hartford, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (Unaudited)

As management of the City of Hartford (City), 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, 2021. The discussion and analysis presents the highlights of financial activities and financial position for the 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 \$146,527,975 (net position). Of this amount, \$20,170,329 (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 \$771,968.
- At the close of the 2021 fiscal year, the City's governmental funds reported combined ending fund balances of \$10,951,054, a decrease of \$1,372,674 in comparison with the prior year.
- At the end of the 2021 fiscal year, unassigned fund balance for the General Fund was \$6,789,004 or 69.9% of the total general fund expenditures.
- As of December 31, 2021, the City of Hartford's total General Obligation debt outstanding was \$21,500,000. The City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction and for 2021 the debt limit was \$81,217,845.

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).

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.

City of Hartford, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (Unaudited)

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 1, 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.

The City has Internal Service Funds which are an accounting devise 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.

City of Hartford, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (Unaudited)

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 \$25,452,434.

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 83 of this report.

Other information –The Required Supplementary Information (RSI) is presented on pages 84 – 88. 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 84 of this report. The City also reports additional RSI that is presented on pages 85 to 87. Notes to the RSI are presented on page 88. 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 89 through 96.

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 \$146,527,975 as of December 31, 2021.

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, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (Unaudited)

City of Hartford's Net Position

	Governmental	Governmental	Business-type	Business-type	Total	
	Activities 2021	Activities 2020	Activities 2021	Activities 2020	2021	2020
Assets						
Current and other Assets	\$ 29,609,243	\$ 29,404,732	\$ 28,044,165	\$ 24,962,114	\$ 57,653,408	\$ 54,366,846
Capital Assets	59,175,365	60,812,364	85,351,917	84,808,959	144,527,282	145,621,323
Total Assets	88,784,608	90,217,096	113,396,082	109,771,073	202,180,690	199,988,169
Deferred Outflows of Resources						
Unamortized loss on refunding	-	-	127,221	182,764	127,221	182,764
Deferred outflow related to pensions & OPEB	4,324,160	3,650,846	2,056,989	1,011,590	6,381,149	4,662,436
Total Deferred Outflows of Resources	4,324,160	3,650,846	2,184,210	1,194,354	6,508,370	4,845,200
Liabilities						
Noncurrent liabilities outstanding	29,206,189	31,286,680	5,829,809	7,577,201	35,035,998	38,863,881
Other liabilities	3,010,201	2,165,228	6,027,960	4,781,660	9,038,161	6,946,888
Total Liabilities	32,216,390	33,451,908	11,857,769	12,358,861	44,074,159	45,810,769
Deferred Inflows of Resources						
Unearned revenue	9,083,294	8,734,208	-	-	9,083,294	8,734,208
Deferred inflow related to pensions & OPEB	6,193,982	5,294,756	2,809,650	1,770,702	9,003,632	7,065,458
Total Deferred Inflows of Resources	15,277,276	14,028,964	2,809,650	1,770,702	18,086,926	15,799,666
Net Position:						
Net investment in capital assets	38,696,863	39,409,663	80,450,052	78,080,384	119,146,915	117,490,047
Restricted	4,844,949	4,125,602	2,365,782	1,954,323	7,210,731	6,079,925
Unrestricted	2,073,290	2,851,805	18,097,039	16,801,157	20,170,329	19,652,962
Total Net Position	\$ 45,615,102	\$ 46,387,070	\$ 100,912,873	\$ 96,835,864	\$ 146,527,975	\$ 143,222,934

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, \$20,170,329, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2021 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 \$3,305,041 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, 2021. 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 \$771,968 in 2021, and business-type activities increased the City's net position by \$4,077,009 that same year.

City of Hartford, Wisconsin
Management Discussion and Analysis
As of and for the Year Ended December 31, 2021
(Unaudited)

City of Hartford's Changes in Net Position

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Total	
	2021	2020			2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,003,384	\$ 2,697,039	\$ 37,607,837	\$ 35,349,847	\$ 40,611,221	\$ 38,046,886
Operating Grants and Contributions	1,148,153	1,756,272	-	-	1,148,153	1,756,272
Capital Grants and Contributions	117,875	83,146	864,449	7,281,062	982,324	7,364,208
General revenues						
Property Tax	8,949,213	8,575,973	-	-	8,949,213	8,575,973
Grants and contributions						
not restricted to specific programs	1,342,948	862,336	-	-	1,342,948	862,336
Unrestricted investment earnings	13,170	273,274	47,276	273,379	60,446	546,653
Miscellaneous	199,109	308,428	70,096	127,569	269,205	435,997
Total Revenues and transfers	14,773,852	14,556,468	38,589,658	43,031,857	53,363,510	57,588,325
Expenses:						
General government	2,037,565	1,490,969	-	-	2,037,565	1,490,969
Protection of persons and property	5,241,804	5,676,836	-	-	5,241,804	5,676,836
Public works	4,903,573	4,789,944	-	-	4,903,573	4,789,944
Leisure activities	3,180,729	3,174,348	-	-	3,180,729	3,174,348
Conservation and development	652,488	376,638	-	-	652,488	376,638
Public service enterprise	151,014	150,613	-	-	151,014	150,613
Interest	543,930	703,304	-	-	543,930	703,304
Electric	-	-	26,854,861	24,334,316	26,854,861	24,334,316
Water	-	-	2,978,775	3,084,643	2,978,775	3,084,643
Wastewater	-	-	2,253,458	2,524,028	2,253,458	2,524,028
Other	-	-	1,260,272	1,276,432	1,260,272	1,276,432
Total expenses	16,711,103	16,362,652	33,347,366	31,219,419	50,058,469	47,582,071
Increase (decrease) in net position before transfers						
	(1,937,251)	(1,806,184)	5,242,292	118,12,438	3,305,041	10,006,254
Transfers	1,165,283	1,539,201	(1,165,283)	(1,539,201)	-	-
Increase in net position	(771,968)	(266,983)	4,077,009	10,273,237	3,305,041	10,006,254
Net position – beginning	46,387,070	46,654,053	96,835,864	86,562,627	143,222,934	133,216,680
Net position – ending	\$ 45,615,102	\$ 46,387,070	\$ 100,912,873	\$ 96,835,864	\$ 146,527,975	\$ 143,222,934

City of Hartford, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (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 2021</u>	<u>Net (Expense) of Service 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net (Expense) of Service 2020</u>
General Government	\$ 2,037,565	\$ (1,150,534)	\$ 1,490,969	\$ (659,735)
Protection of persons and property	5,241,804	(4,455,484)	5,676,836	(4,854,973)
Public Works	4,903,573	(3,507,985)	4,789,944	(2,835,694)
Leisure activities	3,180,729	(2,096,946)	3,174,348	(2,342,565)
Construction and development	652,488	(632,948)	376,638	(357,386)
Public Service Enterprise	151,014	(53,864)	150,613	(72,538)
Interest	543,930	(543,930)	703,304	(703,304)
	<u>\$ 16,711,103</u>	<u>\$ (12,441,691)</u>	<u>\$ 16,362,652</u>	<u>\$ (11,826,195)</u>

Net cost of services is 74.5% of total cost of services in 2021. 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, 2021 were \$37,607,837. The Business-type activities increased the City of Hartford's net position by \$4,077,009.

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.

	2021			
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenue, Contributions, and Transfers	\$ 28,225,054	\$ 4,510,813	\$ 5,296,978	\$ 38,032,845
Expenses and Transfers	<u>27,354,649</u>	<u>3,534,257</u>	<u>2,872,098</u>	<u>33,761,004</u>
Change in net position	<u>\$ 870,405</u>	<u>\$ 976,556</u>	<u>\$ 2,424,880</u>	<u>\$ 4,271,841</u>
	2020			
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenue, Contributions, and Transfers	\$ 26,691,783	\$ 4,455,858	\$ 4,564,508	\$ 35,712,149
Expenses and Transfers	<u>24,908,696</u>	<u>3,679,470</u>	<u>3,142,777</u>	<u>31,730,943</u>
Change in net position	<u>\$ 1,783,087</u>	<u>\$ 776,388</u>	<u>\$ 1,421,731</u>	<u>\$ 3,981,206</u>

City of Hartford, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (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 \$10,951,054, a decrease of \$1,372,674 in comparison with the prior year. Of this total amount, \$3,814,185 constitutes unassigned fund balance. This unassigned fund balance includes positive fund balance of \$6,789 million, offset by approximately \$2.975 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 2021, the General Fund balance increased by \$328,564. At the end of the year, the unassigned fund balance of the General Fund was \$6,789,004 while total fund balance was \$7,032,226. 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 69.9% of total general fund expenditures.

Fund balance in the Debt Service Fund decreased by \$341,643 during 2021.

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 \$100,912,873. Total growth in net position for these funds was \$4,077,009.

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 \$10,278,303 was increased to \$10,342,503 (an increase of \$64,200).

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

The General Fund operations added \$328,564 more to the beginning of the year fund balance. The final amended budget anticipated a use of fund balance of \$316,281.

City of Hartford, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (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, 2021, amounts to \$144.5 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 2021	Activities 2020	Activities 2021	Activities 2020	2021	2020
Land	\$ 4,865,328	\$ 4,865,328	\$ 1,601,150	\$ 1,601,150	\$ 6,466,478	\$ 6,466,478
Construction in progress	418,518	14,320	140,951	1,206,045	559,469	1,220,365
Land Improvements	4,596,435	4,596,435	96,476,551	91,990,428	101,072,986	96,586,863
Buildings	35,090,210	35,044,539	30,080,888	30,054,733	65,171,098	65,099,272
Machinery & Equipment	13,995,614	14,330,452	13,893,093	13,725,670	27,888,707	28,056,122
Other property	-	-	3,460,767	3,460,767	3,460,767	3,460,767
Infrastructure	47,448,315	46,709,848	-	-	47,448,315	46,709,848
Intangibles	287,260	287,260	-	-	287,260	287,260
Accumulated depreciation	(47,526,315)	(45,035,818)	(60,301,483)	(57,229,834)	(107,827,798)	(102,265,652)
	\$ 59,175,365	\$ 60,812,364	\$ 85,351,917	\$ 84,808,959	\$ 144,527,282	\$ 145,621,323

Additional information on the City's capital assets can be found in Note 4 on pages 45 through 46 of this report.

Long-term debt - As of December 31, 2021, the City of Hartford, Wisconsin had general obligation bonds and notes outstanding totaling \$21,500,000. The City of Hartford has business-type activities revenue bonds and notes payable totaling \$5,675,000.

In the current year, the City paid off \$2,330,000 in principal and \$605,688 in interest on outstanding governmental activities debt.

Business-Type Activities paid \$1,830,000 in principal and \$208,025 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 \$4,225,000.

City of Hartford, Wisconsin

Management Discussion and Analysis As of and for the Year Ended December 31, 2021 (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 2021</u>	<u>Activities 2020</u>	<u>Activities 2021</u>	<u>Activities 2020</u>	<u>2021</u>	<u>2020</u>
General Obligations						
Bonds & Notes	\$ 21,500,000	\$ 23,830,000	\$ -	\$ -	\$ 21,500,000	\$ 23,830,000
Revenue Bonds	-	-	5,675,000	7,505,000	5,675,000	7,505,000
Total	<u>21,500,000</u>	<u>23,830,000</u>	<u>5,675,000</u>	<u>7,505,000</u>	<u>27,175,000</u>	<u>31,335,000</u>

Additional information about the City's long-term debt can be found in Note 4 on pages 49 through 51 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City, 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) 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
 December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 19,199,096	\$ 12,124,537	\$ 31,323,633	\$ 105,436
Receivables:				
Current	9,350,659	7,134,824	16,485,483	84,568
Noncurrent	84,074	1,440,708	1,524,782	-
Due from other governments	281,118	-	281,118	66,064
Internal balances, advances to/from	(3,157,508)	3,157,508	-	-
Inventory	15,578	823,437	839,015	-
Prepayments	283,140	183,928	467,068	68,010
Restricted assets:				
Cash and investments	101,120	2,368,623	2,469,743	846,328
Accounts, notes and leases receivable	442,661	-	442,661	308,909
Prepayments and inventory	81	-	81	16,550
Net pension asset	2,664,224	810,600	3,474,824	175,772
Investment in CVMIC	345,000	-	345,000	-
Capital assets, net of depreciation/amortization	59,175,365	85,351,917	144,527,282	2,903,845
Total assets	88,784,608	113,396,082	202,180,690	4,575,482
Deferred Outflows Of Resources				
Unamortized loss on refunding	-	127,221	127,221	-
OPEB related items	738,595	137,103	875,698	135,466
Pension related items	3,585,565	1,919,886	5,505,451	582,903
Total deferred outflows of resources	4,324,160	2,184,210	6,508,370	718,369
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable and other current liabilities	1,574,693	2,483,303	4,057,996	255,717
Accrued interest payable	130,209	-	130,209	-
Community commitment	-	135,652	135,652	-
Deposits	699,433	1,096	700,529	97,984
Current liabilities payable from restricted assets:				
Current portion of long-term debt	-	1,850,000	1,850,000	-
Accrued interest payable	-	81,750	81,750	-
Unearned revenue	605,866	1,476,159	2,082,025	169,554
Noncurrent liabilities:				
Due within one year	2,644,663	-	2,644,663	194,363
Due in more than one year	26,561,526	5,829,809	32,391,335	2,285,468
Total liabilities	32,216,390	11,857,769	44,074,159	3,003,086
Deferred Inflows Of Resources				
Unearned revenue	9,083,294	-	9,083,294	-
OPEB related items	1,388,211	308,774	1,696,985	106,381
Pension related items	4,805,771	2,500,876	7,306,647	685,335
Total deferred inflows of resources	15,277,276	2,809,650	18,086,926	791,716
Net Position				
Net investment in capital assets	38,696,863	80,450,052	119,146,915	1,222,473
Restricted for:				
Loan programs	527,621	-	527,621	-
Pension	2,664,224	810,600	3,474,824	175,772
Library	1,653,104	-	1,653,104	-
Equipment replacement	-	630,182	630,182	-
Revenue bond covenants	-	925,000	925,000	-
Grant programs	-	-	-	19,767
Unrestricted	2,073,290	18,097,039	20,170,329	81,037
Total net position	\$ 45,615,102	\$ 100,912,873	\$ 146,527,975	\$ 1,499,049

See notes to financial statements

City of Hartford

Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 2,037,565	\$ 826,872	\$ 60,159	\$ -	\$ (1,150,534)	\$ -	\$ (1,150,534)	\$ -
Protection of persons and property	5,241,804	653,213	133,107	-	(4,455,484)	-	(4,455,484)	-
Public works	4,903,573	605,354	672,359	117,875	(3,507,985)	-	(3,507,985)	-
Leisure activities	3,180,729	801,255	282,528	-	(2,096,946)	-	(2,096,946)	-
Conservation and development	652,488	19,540	-	-	(632,948)	-	(632,948)	-
Public service enterprise	151,014	97,150	-	-	(53,864)	-	(53,864)	-
Interest	543,930	-	-	-	(543,930)	-	(543,930)	-
Total governmental activities	16,711,103	3,003,384	1,148,153	117,875	(12,441,691)	-	(12,441,691)	-
Business-type activities								
Electric Utility	26,854,861	28,082,458	-	71,026	-	1,298,623	1,298,623	-
Water Utility	2,978,775	4,468,298	-	-	-	1,489,523	1,489,523	-
Wastewater Treatment	2,253,458	3,874,933	-	793,423	-	2,414,898	2,414,898	-
Airport	395,824	238,287	-	-	-	(157,537)	(157,537)	-
Other	864,448	943,861	-	-	-	79,413	79,413	-
Total business-type activities	33,347,366	37,607,837	-	864,449	-	5,124,920	5,124,920	-
Total primary government	\$ 50,058,469	\$ 40,611,221	\$ 1,148,153	\$ 982,324	(12,441,691)	5,124,920	(7,316,771)	-
Component Unit								
Hartford Community Development Authority	\$ 2,431,640	\$ 1,350,308	\$ 1,224,918	\$ -	-	-	-	143,586
General Revenues								
Taxes:								
Property taxes levied for general purposes					4,626,813	-	4,626,813	-
Property taxes levied for debt service					3,000,000	-	3,000,000	-
Property taxes levied for all other purposes					1,322,400	-	1,322,400	-
Intergovernmental revenues not restricted to specific programs					1,342,948	-	1,342,948	-
Investment income					13,170	47,276	60,446	1,198
Other					199,109	70,096	269,205	2,346
Transfers					1,165,283	(1,165,283)	-	-
Total general revenues and transfers					11,669,723	(1,047,911)	10,621,812	3,544
Change in net position					(771,968)	4,077,009	3,305,041	147,130
Net Position, Beginning					46,387,070	96,835,864	143,222,934	1,351,919
Net Position, Ending					\$ 45,615,102	\$ 100,912,873	\$ 146,527,975	\$ 1,499,049

See notes to financial statements

City of Hartford

Balance Sheet
 Governmental Funds
 December 31, 2021

	<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>Total</u>
Assets						
Cash and investments	\$ 8,421,642	\$ 46,129	\$ 106,918	\$ 172,076	\$ 6,798,149	\$ 15,544,914
Accounts receivable	131,267	-	-	12,818	-	144,085
Special assessments receivable:						
Due after 2021	84,074	-	-	-	-	84,074
Accrued investment income receivable	1,984	-	23	-	137,901	139,908
Taxes receivable	4,387,942	2,999,999	-	791,239	746,934	8,926,114
Due from other governments	-	-	-	165,067	116,051	281,118
Inventories	10,024	-	-	-	-	10,024
Prepayments	233,198	-	-	77	36,979	270,254
Restricted assets:						
Cash and investments	-	-	-	-	101,120	101,120
Accounts and notes receivable	-	-	-	-	442,661	442,661
Prepayments	-	-	-	-	81	81
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 13,270,131</u>	<u>\$ 3,046,128</u>	<u>\$ 106,941</u>	<u>\$ 1,141,277</u>	<u>\$ 8,379,876</u>	<u>\$ 25,944,353</u>

See notes to financial statements

City of Hartford

Balance Sheet
 Governmental Funds
 December 31, 2021

	<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>Total</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)						
Liabilities						
Accounts payable	\$ 461,774	\$ -	\$ -	\$ 2,205	\$ 197,398	\$ 661,377
Accrued liabilities	-	-	-	-	214,655	214,655
Due to other governmental agencies	-	-	-	-	5,983	5,983
Deposits	699,433	-	-	-	-	699,433
Accrued payroll	428,334	-	-	-	-	428,334
Unearned revenues	-	-	-	-	317,226	317,226
Advance from other funds	-	-	-	3,157,508	-	3,157,508
Total liabilities	<u>1,589,541</u>	<u>-</u>	<u>-</u>	<u>3,159,713</u>	<u>735,262</u>	<u>5,484,516</u>
Deferred Inflows of Resources						
Unavailable revenues	260,422	-	-	165,067	-	425,489
Unearned revenues	4,387,942	3,000,000	-	791,239	904,113	9,083,294
Total deferred inflows of resources	<u>4,648,364</u>	<u>3,000,000</u>	<u>-</u>	<u>956,306</u>	<u>904,113</u>	<u>9,508,783</u>
Fund Balances (Deficits)						
Nonspendable	243,222	-	-	77	36,979	280,278
Restricted	-	46,128	-	-	3,972,877	4,019,005
Committed	-	-	-	-	554,456	554,456
Assigned	-	-	106,941	-	2,176,189	2,283,130
Unassigned (deficits)	6,789,004	-	-	(2,974,819)	-	3,814,185
Total fund balances (deficits)	<u>7,032,226</u>	<u>46,128</u>	<u>106,941</u>	<u>(2,974,742)</u>	<u>6,740,501</u>	<u>\$ 10,951,054</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 13,270,131</u>	<u>\$ 3,046,128</u>	<u>\$ 106,941</u>	<u>\$ 1,141,277</u>	<u>\$ 8,379,876</u>	

See notes to financial statements

City of Hartford

Balance Sheet
 Governmental Funds
 December 31, 2021

	<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>Total</u>
Total Fund Balances (Deficits) From Previous Page	\$ 7,032,226	\$ 46,128	\$ 106,941	\$ (2,974,742)	\$ 6,740,501	\$ 10,951,054

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 2)	59,131,551
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.	425,489
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	2,664,224
Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	3,585,565
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	738,595
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	(1,388,211)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(4,805,771)
Internal service funds are reported in the statement of net position as governmental activities	3,649,004
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 2).	<u>(29,336,398)</u>
Net Position of Governmental Activities	<u>\$ 45,615,102</u>

See notes to financial statements

City of Hartford

 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2021

	General	Debt Service	Capital Project Fund Veterans Park Pool Project	Capital Project Fund Other Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,626,813	\$ 3,000,000	\$ -	\$ 599,179	\$ 723,221	\$ 8,949,213
Special assessments	-	-	-	18,539	99,336	117,875
Intergovernmental revenues	1,669,043	-	-	499,000	938,321	3,106,364
Licenses and permits	466,159	-	-	-	-	466,159
Fines, forfeitures and penalties	204,514	-	-	-	-	204,514
Public charges for services	1,233,141	-	-	-	471,601	1,704,742
Intergovernmental charges	405,773	-	-	-	-	405,773
Miscellaneous revenues	96,914	17,679	2,777	74,799	110,614	302,783
Total revenues	8,702,357	3,017,679	2,777	1,191,517	2,343,093	15,257,423
Expenditures						
Current:						
General government	1,118,731	-	-	-	834,249	1,952,980
Public safety	4,885,947	-	-	-	-	4,885,947
Public works	2,461,220	-	-	-	235,189	2,696,409
Leisure activities	829,856	-	248	-	1,600,755	2,430,859
Conservation and development	232,026	-	-	263,415	132,971	628,412
Public service enterprise	151,014	-	-	-	-	151,014
Capital outlay	34,345	-	2,000	154,956	1,902,092	2,093,393
Debt service:						
Principal, interest and fees	-	2,995,445	-	-	15,936	3,011,381
Total expenditures	9,713,139	2,995,445	2,248	418,371	4,721,192	17,850,395
Excess (deficiency) of revenues over expenditures	(1,010,782)	22,234	529	773,146	(2,378,099)	(2,592,972)
Other Financing Sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	49,028	49,028
Transfers in	1,756,763	262,281	-	-	386,368	2,405,412
Transfers out	(417,417)	(626,158)	-	(130,713)	(59,854)	(1,234,142)
Total other financing sources (uses)	1,339,346	(363,877)	-	(130,713)	375,542	1,220,298
Net change in fund balances	328,564	(341,643)	529	642,433	(2,002,557)	(1,372,674)
Fund Balances (Deficits), Beginning	6,703,662	387,771	106,412	(3,617,175)	8,743,058	12,323,728
Fund Balances (Deficits), Ending	\$ 7,032,226	\$ 46,128	\$ 106,941	\$ (2,974,742)	\$ 6,740,501	\$ 10,951,054

See notes to 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
Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds \$ (1,372,674)

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	2,093,393
Some items reported as expenditures were capitalized	138,538
Some items reported as outlay were not capitalized	(687,426)
Depreciation is reported in the government-wide statements	(3,083,012)
Net book value of assets retired	(76,357)

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	2,330,000
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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. (554,734)

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. (456,385)

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	20,490
Other post employment benefits obligation, Health	(238,511)
Other post employment benefits obligation, LRLIF	(155,976)
Net pension asset	1,359,147
Deferred outflows related to pension and other postemployment benefits	673,314
Deferred inflows related to pension and other postemployment benefits	(899,226)
Accrued interest on debt	12,763

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	124,688
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Change in Net Position of Governmental Activities \$ (771,968)

City of Hartford

Statement of Net Position
 Proprietary Funds
 December 31, 2021

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds		
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and investments	\$ 4,684,792	\$ 2,192,033	\$ 5,036,804	\$ 152,232	\$ 58,676	\$ 12,124,537	\$ 3,654,182
Accounts receivable	5,501,856	409,266	766,812	5,000	448,716	7,131,650	139,772
Accrued investment income receivable	1,115	722	1,242	31	64	3,174	780
Inventories	713,101	66,545	-	43,791	-	823,437	5,554
Prepayments	53,306	83,120	30,614	965	15,923	183,928	12,886
Restricted assets, cash and investments	311,090	695,660	-	-	-	1,006,750	-
Total current assets	11,265,260	3,447,346	5,835,472	202,019	523,379	21,273,476	3,813,174
Noncurrent Assets							
Restricted assets:							
Cash and investments	359,849	371,842	630,182	-	-	1,361,873	-
Net pension asset	129,205	138,247	401,733	-	141,415	810,600	-
Capital assets:							
Land	54,023	210,629	61,952	1,207,167	67,379	1,601,150	-
Buildings	7,949,168	751,313	21,147,314	226,293	6,800	30,080,888	-
Improvements other than buildings	32,249,777	35,923,685	21,814,974	6,488,115	-	96,476,551	-
Machinery and equipment	2,574,601	7,834,224	2,697,553	277,604	509,111	13,893,093	401,505
Construction in progress	100,200	1,567	-	39,185	-	140,952	-
Other property	193,533	-	3,267,233	-	-	3,460,766	-
Less accumulated depreciation	(23,546,494)	(15,177,986)	(20,432,982)	(739,192)	(404,829)	(60,301,483)	(357,691)
Other assets:							
Investment in CVMIC	-	-	-	-	-	-	345,000
Special assessments, due upon development	-	215,782	1,224,926	-	-	1,440,708	-
Advance to other funds	1,007,508	-	2,150,000	-	-	3,157,508	-
Due from other funds	1,964,955	-	-	-	-	1,964,955	-
Total noncurrent assets	23,036,325	30,269,303	32,962,885	7,499,172	319,876	94,087,561	388,814
Total assets	34,301,585	33,716,649	38,798,357	7,701,191	843,255	115,361,037	4,201,988
Deferred Outflows of Resources							
Deferred outflow related to pension	948,488	342,782	390,401	-	238,215	1,919,886	-
Deferred outflow related to other postemployment benefits	44,694	16,218	63,933	-	12,258	137,103	-
Unamortized loss on refunding	48,463	78,758	-	-	-	127,221	-
Total deferred outflows of resources	\$ 1,041,645	\$ 437,758	\$ 454,334	\$ -	\$ 250,473	\$ 2,184,210	\$ -

See notes to financial statements

City of Hartford

Statement of Net Position
 Proprietary Funds
 December 31, 2021

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds		
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable	\$ 2,100,582	\$ 91,662	\$ 38,694	\$ 36,191	\$ 10,710	\$ 2,277,839	\$ 13,797
Accrued liabilities	145,623	28,399	23,231	-	8,211	205,464	250,547
Community commitment	135,652	-	-	-	-	135,652	-
Customer deposits	1,096	-	-	-	-	1,096	-
Unearned revenue	-	-	-	-	-	-	288,640
Liabilities payable from restricted assets:							
Current portion of revenue bonds	572,770	1,277,230	-	-	-	1,850,000	-
Accrued interest payable	24,705	57,045	-	-	-	81,750	-
Total current liabilities	2,980,428	1,454,336	61,925	36,191	18,921	4,551,801	552,984
Noncurrent Liabilities							
Long-term debt	1,088,819	2,821,958	-	-	-	3,910,777	-
Compensated absences	120,150	49,790	25,022	-	1,581	196,543	-
Net other postemployment benefits liability	103,336	37,525	37,525	-	28,284	206,670	-
Other post employment benefit obligation	1,001,805	235,903	278,111	-	-	1,515,819	-
Due to other funds	-	1,964,955	-	-	-	1,964,955	-
Unearned revenue	-	251,233	1,224,926	-	-	1,476,159	-
Total liabilities	5,294,538	6,815,700	1,627,509	36,191	48,786	13,822,724	552,984
Deferred Inflows of Resources							
Deferred inflow related to pension	1,191,927	442,439	535,475	-	331,035	2,500,876	-
Deferred inflow related to other postemployment benefits	184,973	59,889	60,629	-	3,283	308,774	-
Total deferred inflows of resources	1,376,900	502,328	596,104	-	334,318	2,809,650	-
Net Position							
Net investment in capital assets	18,321,531	25,894,844	28,556,044	7,499,172	178,461	80,450,052	43,814
Restricted for pension	129,205	138,247	401,733	-	141,415	810,600	-
Restricted bond covenants	286,385	638,615	-	-	-	925,000	-
Restricted for equipment replacement	-	-	630,182	-	-	630,182	-
Unrestricted	9,934,671	164,673	7,441,119	165,828	390,748	18,097,039	3,605,190
Total net position	\$ 28,671,792	\$ 26,836,379	\$ 37,029,078	\$ 7,665,000	\$ 710,624	\$ 100,912,873	\$ 3,649,004

See notes to financial statements

City of Hartford

Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds		
Operating Revenues							
Charges for services	\$ 27,934,853	\$ 4,457,782	\$ 3,803,093	\$ -	\$ 941,198	\$ 37,136,926	\$ 3,798,490
Other operating income	147,605	10,516	71,840	238,287	2,663	470,911	-
Total operating revenues	28,082,458	4,468,298	3,874,933	238,287	943,861	37,607,837	3,798,490
Operating Expenses							
Operating and maintenance	25,216,250	1,674,840	1,419,458	220,075	794,026	29,324,649	4,219,836
Depreciation	1,469,280	1,089,172	777,984	172,807	34,591	3,543,834	22,136
Taxes	86,675	48,559	42,924	2,598	35,713	216,469	-
Total operating expenses	26,772,205	2,812,571	2,240,366	395,480	864,330	33,084,952	4,241,972
Operating income (loss)	1,310,253	1,655,727	1,634,567	(157,193)	79,531	4,522,885	(443,482)
Nonoperating Revenues (Expenses)							
Gain (loss) on disposals	-	3,501	-	-	-	3,501	-
Investment income	41,596	2,393	2,464	250	573	47,276	1,342
Interest expense	(57,016)	(136,302)	(13,092)	(344)	(118)	(206,872)	(8,258)
Amortization of loss on refunding	(25,640)	(29,902)	-	-	-	(55,542)	-
Amortization of debt premium	15,632	36,621	-	-	-	52,253	-
Income from merchandising	14,342	-	-	-	-	14,342	-
Total nonoperating revenues (expenses)	(11,086)	(123,689)	(10,628)	(94)	455	(145,042)	(6,916)
Income (loss) before contributions and transfers	1,299,167	1,532,038	1,623,939	(157,287)	79,986	4,377,843	(450,398)
Capital Contributions							
Customers	71,026	-	-	-	-	71,026	-
Reserve capacity assessment	-	-	793,423	-	-	793,423	-
Transfers In	-	-	626,158	-	-	626,158	-
Transfers Out	(499,788)	(555,482)	(618,640)	(443)	(117,088)	(1,791,441)	(5,987)
Change in net position	870,405	976,556	2,424,880	(157,730)	(37,102)	4,077,009	(456,385)
Net Position, Beginning	27,801,387	25,859,823	34,604,198	7,822,730	747,726	96,835,864	4,105,389
Net Position, Ending	\$ 28,671,792	\$ 26,836,379	\$ 37,029,078	\$ 7,665,000	\$ 710,624	\$ 100,912,873	\$ 3,649,004

See notes to financial statements

City of Hartford

 Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds	Total	
Cash Flows From Operating Activities							
Receipts from customers	\$ 27,366,667	\$ 4,426,999	\$ 3,818,458	\$ 237,696	\$ 800,439	\$ 36,650,259	\$ 3,799,974
Paid to vendors for goods and services	(23,595,044)	(1,301,519)	(376,823)	(218,355)	(669,181)	(26,160,922)	(4,097,674)
Paid to employees for services	(1,143,961)	(642,085)	(572,784)	(34,440)	(319,292)	(2,712,562)	(90,775)
Net cash flows from operating activities	<u>2,627,662</u>	<u>2,483,395</u>	<u>2,868,851</u>	<u>(15,099)</u>	<u>(188,034)</u>	<u>7,776,775</u>	<u>(388,475)</u>
Cash Flows From Noncapital Financing Activities							
Transfers in (out)	(499,788)	(555,482)	7,518	(443)	(117,088)	(1,165,283)	(5,987)
Cash flows from investing activities							
Investment income	42,822	3,485	4,343	320	573	51,543	2,818
Cash Flows From Capital and Related Financing Activities							
Acquisition and construction of capital assets	(1,039,245)	(468,672)	(2,377,042)	(51,977)	(13,504)	(3,950,440)	-
Contribution received for construction	-	-	386,863	-	-	386,863	-
Special assessments received	-	-	(832,317)	-	-	(832,317)	-
Cost of removal of property retired	(61,778)	-	-	-	-	(61,778)	-
Advance to other funds	51,035	-	-	-	-	51,035	-
Debt retired	(547,915)	(1,282,085)	-	-	-	(1,830,000)	-
Interest paid	(64,622)	(150,959)	(13,093)	(344)	(118)	(229,136)	-
Net cash flows from capital and related financing activities	<u>(1,662,525)</u>	<u>(1,901,716)</u>	<u>(2,835,589)</u>	<u>(52,321)</u>	<u>(13,622)</u>	<u>(6,465,773)</u>	<u>-</u>
Net change in cash and cash equivalents	508,171	29,682	45,123	(67,543)	(318,171)	197,262	(391,644)
Cash and Cash Equivalents, Beginning	<u>4,847,560</u>	<u>3,229,853</u>	<u>5,621,863</u>	<u>219,775</u>	<u>376,847</u>	<u>14,295,898</u>	<u>4,045,826</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,355,731</u>	<u>\$ 3,259,535</u>	<u>\$ 5,666,986</u>	<u>\$ 152,232</u>	<u>\$ 58,676</u>	<u>\$ 14,493,160</u>	<u>\$ 3,654,182</u>
Cash and Cash Equivalents, Ending							
Unrestricted	\$ 4,684,792	\$ 2,192,033	\$ 5,036,804	\$ 152,232	\$ 58,676	\$ 12,124,537	\$ 3,654,182
Restricted	670,939	1,067,502	630,182	-	-	2,368,623	-
	<u>\$ 5,355,731</u>	<u>\$ 3,259,535</u>	<u>\$ 5,666,986</u>	<u>\$ 152,232</u>	<u>\$ 58,676</u>	<u>\$ 14,493,160</u>	<u>\$ 3,654,182</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities							
Operating income (loss)	\$ 1,310,253	\$ 1,655,727	\$ 1,634,567	\$ (157,193)	\$ 79,531	\$ 4,522,885	\$ (443,482)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Nonoperating income	14,342	-	-	-	-	14,342	-
Depreciation and amortization	1,469,280	1,089,172	777,984	172,807	34,591	3,543,834	22,136
Change in assets and liabilities and deferred outflows/inflows:							
Customer accounts receivable	(980,133)	(11,385)	(29,826)	-	(143,421)	(1,164,765)	-
Other accounts receivable	-	-	1,034	(591)	-	443	(100,760)
Inventory	50,116	(20,034)	-	(27,502)	-	2,580	(67)
Prepayments	(12,910)	1,565	(13,361)	(246)	(2,143)	(27,095)	62,178
Accounts payable	75,125	39,827	(39,905)	(2,374)	(39,905)	75,615	(2,429)
Accrued liabilities	321,946	(309)	1,710	-	32	323,379	-
Due from (to) other funds	250,000	(250,000)	-	-	(110,920)	(110,920)	-
Other postemployment benefits	104,621	30,187	8,505	-	-	143,313	-
Deferred outflow of resources	-	537	(23,756)	-	-	(23,219)	-
Other current liabilities	9,404	15,926	828,243	-	969	854,542	(28,295)
Pension assets	15,618	(37,904)	(248,660)	-	(49,615)	(320,561)	-
Unearned revenue/deferred inflows	-	(29,914)	(27,684)	-	-	(57,598)	102,244
Net cash flows from operating activities	<u>\$ 2,627,662</u>	<u>\$ 2,483,395</u>	<u>\$ 2,868,851</u>	<u>\$ (15,099)</u>	<u>\$ (188,034)</u>	<u>\$ 7,776,775</u>	<u>\$ (388,475)</u>
Noncash 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	\$ 71,026	\$ -	\$ 793,423	\$ -	\$ -	\$ 864,449	\$ -

See notes to financial statements

City of Hartford

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2021

	<u>Custodial Fund</u> <u>Tax</u> <u>Collection</u> <u>Fund</u>
Assets	
Cash and investments	\$ 9,567,003
Taxes receivable	<u>15,885,431</u>
Total assets	<u>25,452,434</u>
Liabilities	
Due to other governmental agencies	<u>25,452,434</u>
Total liabilities	<u>25,452,434</u>
Total net position	<u>\$ -</u>

See notes to financial statements

City of Hartford

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended December 31, 2021

	<u>Custodial Fund Tax Collection Fund</u>
Additions	
Tax collections	\$ 18,734,904
Deductions	
Payments to overlying districts	<u>18,734,904</u>
Change in net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

City of Hartford

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December 31, 2021

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1. 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).

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.

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 4. 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, 2021. Separately issued financial statements of the Hartford Community Development Authority may be obtained from the CDA's office.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The 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

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

Debt Service Fund is 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.

Capital Projects Funds

Veterans Park Pool - Capital Project Fund is 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.

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the Water system.

Wastewater Utility accounts for operations of the Sanitary Sewer system.

Electric Utility accounts for operations of the electric system

Airport Fund accounts for operations of the accounts for operations of the city airport.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

Special Revenue Funds are 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
American Rescue Plan Act Fund
CDBG Fund

Capital Projects Funds

Capital Projects Funds are 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
Special Assessment Fund

Enterprise Funds

Enterprise Funds are 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.

Emergency Squad Fund
Cable Television Fund

In addition, the City reports the following fund types:

Internal Service Funds

Internal Service Fund is 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 Funds

Custodial Fund is 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

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 utility, water utility, wastewater treatment, airport and other non major enterprise funds 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.

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 Funds

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.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

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.

City of Hartford

Notes to Financial Statements
December 31, 2021

- 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.

No policy exists for the following risks:

Credit risk

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 4. 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.

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, 2021, 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 4 for further information.

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 - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2024

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".

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.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

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 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. 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.

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.

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, 2021, 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.

Payments for Paid Time Off (PTO) will be made at rates in effect when the benefits are used. Accumulated PTO liabilities at December 31, 2021 are determined on the basis of current salary rates and include salary related payments.

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, 2021, 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, 2021.

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.

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.

- 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 4 for further information.

Pension

For purposes of measuring the net pension liability (asset), 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total 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.

City of Hartford

Notes to Financial Statements
December 31, 2021

2. Reconciliation of Government-Wide and Fund Financial Statements

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	\$	59,175,365
Less Internal Service Fund Capital Assets		<u>(43,814)</u>
Combined adjustment for capital assets	\$	<u>59,131,551</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	\$	21,500,000
Compensated absences		448,036
Total and Net OPEB liability		6,473,922
Accrued interest		130,209
Unamortized debt premium		<u>784,231</u>
Combined adjustment for long-term liabilities	\$	<u>29,336,398</u>

3. Stewardship, Compliance and Accountability

Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Fund, State	\$ 3,195	\$ 740,135	\$ 736,940
Special Revenue Fund, Business Improvement District	80,809	94,117	13,308
Special Revenue Fund, ARPA	-	491,203	491,203
Capital Project Fund, Parks	22,500	123,098	100,598

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.

Deficit Balances

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

As of December 31, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Project Fund - Other Projects	\$ 2,974,742	Expenditures exceeding revenues

City of Hartford

Notes to Financial Statements
December 31, 2021

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995 and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

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 0%. 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.

4. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Petty cash	\$ 1,250	\$ -	N/A
Demand Deposits	8,252,235	5,727,802	Custodial Credit, custodial credit, interest rate and investments highly sensitive to interest rate changes
State and local bonds	55,316	55,316	Custodial
Certificates of deposits	10,036,371	10,036,371	Credit, custodial, concentration of credit and interest rate
US agencies (implicitly guaranteed)	8,327,637	8,303,853	Interest rate and custodial
US agencies (explicitly guaranteed)	79,758	79,758	Credit
LGIP	<u>16,607,812</u>	<u>16,607,812</u>	
Total deposits and investments	<u>\$ 43,360,379</u>	<u>\$ 40,810,912</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 31,323,633		
Restricted cash and investments	2,469,743		
Per statement of fiduciary net position, fiduciary funds:			
Custodial fund	<u>9,567,003</u>		
Total deposits and investments	<u>\$ 43,360,379</u>		

City of Hartford

Notes to Financial Statements
December 31, 2021

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 District 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.

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

- Quoted market prices

Investment Type	December 31, 2021			Total
	Level 1	Level 2	Level 3	
US agencies (implicitly guaranteed)	\$ -	\$ 8,327,637	\$ -	\$ 8,327,637
US agencies (explicitly guaranteed)	-	79,758	-	79,758
State and local bonds	-	55,316	-	55,316
Total	<u>\$ -</u>	<u>\$ 8,462,711</u>	<u>\$ -</u>	<u>\$ 8,462,711</u>

Custodial Credit Risk

Deposits

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

The District 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 District 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 \$10,105,386 of investments subject to custodial credit risk as of December 31, 2021. 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.

City of Hartford

Notes to Financial Statements
December 31, 2021

As of December 31, 2021, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
US agencies	AA+	Aaa
State and local bonds	NR	AAa3

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

LGIP

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, 2021, the City's investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
FFCB	US Agency (implicitly guaranteed)	5.60 %

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, 2021, the District's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
State and local bonds	\$ 55,316	0.25
US agencies (implicitly guaranteed)	8,327,637	4.51
US agencies (explicitly guaranteed)	<u>79,758</u>	15.37
Total	<u>\$ 8,462,711</u>	

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

Receivables

All of the receivables on the balance sheet are expected to be collected within one year, except for special assessments of \$84,074 and notes receivable of \$367,847.

City of Hartford

Notes to Financial Statements
December 31, 2021

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	\$ 9,083,294	\$ -
Special assessments	-	260,422
Grant receivables	-	165,067
ARPA funds	317,226	-
Advance health premiums	<u>288,640</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 9,689,160</u>	<u>\$ 425,489</u>
Unearned revenue included in liabilities	\$ 605,866	
Unearned revenue included in deferred inflows	<u>9,083,294</u>	
Total unearned revenue for governmental funds	<u>\$ 9,689,160</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 \$251,233 and \$1,224,926, respectfully.

Restricted Assets

The following represent the balances of the restricted assets:

Net Pension Asset

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

Special Revenue Fund

Certain cash and investments, accounts and notes receivable totaling approximately \$543,862 at December 31, 2021 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 \$1,171,787 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
December 31, 2021

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
Interest and Principal Account	\$ 311,090
Reserve Account	359,849
Net Pension Asset	810,600
Bond Depreciation Account	695,660
Construction Account	371,842
Equipment Replacement Account	<u>630,182</u>
Total	<u>\$ 3,179,223</u>

Accounts and notes receivable at December 31, 2021 were comprised of the following:

	Special Revenue	Community Development Authority
Notes receivable, other	\$ 442,661	\$ 308,909
Total accounts and notes receivable	<u>\$ 442,661</u>	<u>\$ 308,909</u>
Current	\$ 50,000	\$ 30,000
Noncurrent	<u>392,661</u>	<u>278,909</u>
Total accounts and notes receivable	<u>\$ 442,661</u>	<u>\$ 308,909</u>

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 and certain rehabilitation notes of \$205,709.

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.

City of Hartford

Notes to Financial Statements
December 31, 2021

Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 4,865,328	\$ -	\$ -	\$ 4,865,328
Construction in progress	14,320	424,099	19,901	418,518
Total capital assets not being depreciated / amortized	<u>4,879,648</u>	<u>424,099</u>	<u>19,901</u>	<u>5,283,846</u>
Capital assets being depreciated / amortized:				
Buildings	35,044,539	45,671	-	35,090,210
Improvements	4,596,435	-	-	4,596,435
Machinery and Equipment	14,330,453	235,053	569,892	13,995,614
Infrastructure	46,709,848	859,583	121,116	47,448,315
Intangibles	287,260	-	-	287,260
Total capital assets being depreciated / amortized	<u>100,968,535</u>	<u>1,140,307</u>	<u>691,008</u>	<u>101,417,834</u>
Total capital assets	<u>105,848,183</u>	<u>1,564,406</u>	<u>710,909</u>	<u>106,701,680</u>
Less accumulated depreciation / amortization for:				
Buildings	(10,449,231)	(831,835)	-	(11,281,066)
Improvements	(2,096,547)	(168,840)	-	(2,265,387)
Machinery and Equipment	(10,404,650)	(778,007)	543,105	(10,639,552)
Infrastructure	(21,798,131)	(1,326,465)	71,546	(23,053,050)
Intangibles	(287,260)	-	-	(287,260)
Total accumulated depreciation / amortization	<u>(45,035,819)</u>	<u>(3,105,147)</u>	<u>614,651</u>	<u>(47,526,315)</u>
Net capital assets being depreciated / amortized	<u>55,932,716</u>	<u>(1,964,840)</u>	<u>76,357</u>	<u>53,891,519</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 60,812,364</u>	<u>\$ (1,540,741)</u>	<u>\$ 96,258</u>	<u>\$ 59,175,365</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 117,588
Protection of persons and property	559,094
Public works	1,587,794
Leisure activities	811,306
Conservation and development	<u>29,365</u>
Total governmental activities depreciation / amortization expense	<u>\$ 3,105,147</u>

City of Hartford

Notes to Financial Statements
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 1,601,150	\$ -	\$ -	\$ 1,601,150
Construction in progress	<u>1,206,045</u>	<u>13,285</u>	<u>1,078,379</u>	<u>140,951</u>
Total capital assets not being depreciated	<u>2,807,195</u>	<u>13,285</u>	<u>1,078,379</u>	<u>1,742,101</u>
Capital assets being depreciated:				
Buildings	30,054,733	26,155	-	30,080,888
Improvements other than buildings	91,990,428	4,864,540	378,417	96,476,551
Machinery and equipment	13,725,670	229,292	61,869	13,893,093
Other property	<u>3,460,767</u>	<u>-</u>	<u>-</u>	<u>3,460,767</u>
Total capital assets being depreciated	<u>139,231,598</u>	<u>5,119,987</u>	<u>440,286</u>	<u>143,911,299</u>
Total capital assets	<u>142,038,793</u>	<u>5,133,272</u>	<u>1,518,665</u>	<u>145,653,400</u>
Less accumulated for:				
Buildings	(14,901,025)	(299,259)	-	(15,200,284)
Improvements other than buildings	(33,168,220)	(2,520,926)	462,987	(35,226,159)
Machinery and equipment	(8,121,405)	(710,076)	39,079	(8,792,402)
Other property	<u>(1,039,184)</u>	<u>(43,454)</u>	<u>-</u>	<u>(1,082,638)</u>
Total accumulated	<u>(57,229,834)</u>	<u>(3,573,715)</u>	<u>502,066</u>	<u>(60,301,483)</u>
Net capital assets being depreciated	<u>82,001,764</u>	<u>1,546,272</u>	<u>(61,780)</u>	<u>83,609,816</u>
Business-type capital assets, net of accumulated	<u>\$ 84,808,959</u>	<u>\$ 1,559,557</u>	<u>\$ 1,016,599</u>	<u>\$ 85,351,917</u>

Depreciation / amortization expense was charged to functions as follows:

Business-Type Activities	
Electric	\$ 1,469,280
Water	1,089,172
Wastewater	777,984
Airport	172,807
Nonmajor enterprise funds	<u>34,591</u>
Total business-type activities depreciation expense	<u>\$ 3,543,834</u>

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.

City of Hartford

Notes to Financial Statements
December 31, 2021

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Utility	Water Utility	\$ 1,964,955
Total, fund financial statements		1,964,955
Less fund eliminations		(1,964,955)
Less interfund advances		<u>(3,157,508)</u>
Total internal balances, government-wide statement of net position		<u>\$ (3,157,508)</u>

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.

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Wastewater Utility	Capital Projects, Other Projects Fund	\$ 2,150,000	\$ 2,150,000
Electric Utility	Capital Projects, Other Projects Fund	<u>1,007,508</u>	1,007,508
Total		<u>\$ 3,157,508</u>	

No repayment schedules have been determined as of December 31, 2021.

City of Hartford

Notes to Financial Statements
December 31, 2021

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>	
General Fund	Enterprise Fund, Cable Television	\$ 115,000	Administrative fee	
	Enterprise Fund, Electric	483,241	Payment in lieu of taxes	
	Enterprise Fund, Water	547,522	Payment in lieu of taxes	
	Enterprise Fund, Wastewater	611,000	Administrative fee	
Capital Project Fund, Capital Improvement	Capital Project Fund, Special Assessments	34,854	Fund project costs	
Capital Project Fund, Capital Improvement	General Fund	4,514	Appropriation	
Special Revenue Fund, Recreation	General Fund	342,000	Appropriation	
Special Revenue Fund, Library	Internal Service Fund, Data Processing	5,000	Fund project costs	
Debt Service Fund	General Fund	70,903	Debt service	
	Special Revenue Fund, Library	25,000	Debt service	
	Capital Projects Fund, Other Projects	130,713	Debt service	
	Enterprise Fund, Electric	16,547	Debt service	
	Enterprise Fund, Water	7,960	Debt service	
	Enterprise Fund, Wastewater	7,640	Debt service	
	Enterprise Fund, Airport	443	Debt service	
	Enterprise Fund, Emergency Squad	1,694	Debt service	
	Enterprise Fund, Cable Television	394		
	Debt Service Fund	Internal Service Fund, Data Processing	739	Debt service
		Internal Service Fund, Risk Management	165	Debt service
	Debt Service Fund	Internal Service Fund, Health Insurance	83	Debt service
Enterprise, Wastewater	Debt Service Fund	<u>626,158</u>		
Subtotal, fund financial statements		3,031,570		
Less fund eliminations		(607,984)		
Less government-wide eliminations		<u>(1,258,303)</u>		
Total transfers, government-wide statement of activities		<u>\$ 1,165,283</u>		

City of Hartford

Notes to Financial Statements
December 31, 2021

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.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 23,830,000	\$ -	\$ 2,330,000	\$ 21,500,000	\$ 2,375,000
(DiscOUNTS)/Premiums	908,919	-	124,688	784,231	-
Total bonds and notes payable	<u>24,738,919</u>	<u>-</u>	<u>2,454,688</u>	<u>22,284,231</u>	<u>2,375,000</u>
Other liabilities:					
Net other postemployment benefit liability, LRLIF	519,484	155,976	-	675,460	-
Accrued compensated absences	468,526	-	20,490	448,036	269,663
Total other postemployment benefit liability, health	<u>5,559,951</u>	<u>238,511</u>	<u>-</u>	<u>5,798,462</u>	<u>-</u>
Total other liabilities	<u>6,547,961</u>	<u>394,487</u>	<u>20,490</u>	<u>6,921,958</u>	<u>269,663</u>
Total governmental activities long- term liabilities	<u>\$ 31,286,880</u>	<u>\$ 394,487</u>	<u>\$ 2,475,178</u>	<u>\$ 29,206,189</u>	<u>\$ 2,644,663</u>
Business-Type Activities					
Bonds and notes payable:					
Revenue bonds	\$ 7,505,000	\$ -	\$ 1,830,000	\$ 5,675,000	\$ 1,850,000
(DiscOUNTS)/Premiums	138,030	-	52,253	85,777	-
Subtotal	<u>7,643,030</u>	<u>-</u>	<u>1,882,253</u>	<u>5,760,777</u>	<u>1,850,000</u>
Other liabilities:					
Net other postemployment benefit obligation, LRLIF	158,947	47,723	-	206,670	-
Net other postemployment benefit obligation, health	1,413,697	102,122	-	1,515,819	-
Accrued compensated absences	191,527	196,543	191,527	196,543	-
Total other liabilities	<u>1,764,171</u>	<u>346,388</u>	<u>191,527</u>	<u>1,919,032</u>	<u>-</u>
Total business-type activities long- term liabilities	<u>\$ 9,407,201</u>	<u>\$ 346,388</u>	<u>\$ 2,073,780</u>	<u>\$ 7,679,809</u>	<u>\$ 1,850,000</u>

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, 2021, was \$81,217,845. Total general obligation debt outstanding at year-end was \$21,500,000.

City of Hartford

Notes to Financial Statements
December 31, 2021

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>					Balance
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2021</u>
General Obligation Bonds and Refunding Bonds	06/26/12	05/01/14-32	1.50-3.50%	05/01/14-32	\$ 3,850,000
	06/28/16	05/01/17-32	1.50-3.50	05/01/17-32	5,500,000
General Obligation Notes	06/26/12	05/01/13-22	1.50-2.25	05/01/13-22	350,000
	08/05/14	08/01/15-24	1.00-4.00	08/01/15-24	3,575,000
	06/28/16	05/01/17-26	2.00-3.00	05/01/17-26	1,750,000
	04/10/18	11/01/19-27	2.00-4.00	11/01/19-27	2,075,000
	03/05/20	03/01/21-29	2.00-3.00	03/01/21-29	4,400,000
Total governmental activities, general obligation debt					<u>\$ 21,500,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,375,000	\$ 605,688
2023	2,275,000	548,375
2024	4,600,000	493,438
2025	2,025,000	353,500
2026	2,150,000	291,250
2027-2032	8,075,000	632,625
Total	<u>\$ 21,500,000</u>	<u>\$ 2,924,876</u>

Revenue Debt

Governmental activities revenue bonds are payable from revenues derived from electric and water funds.

The City has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 2011 through 2017. Proceeds from the bonds provided financing for the City's Electric and Water Systems, including the refunding of outstanding debt. The bonds are payable solely from revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require 0.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$6,012,500. Principal and interest paid for the current year and total customer net revenues were \$2,033,170 and \$5,559,463, respectively.

City of Hartford

Notes to Financial Statements
December 31, 2021

Revenue debt payable at December 31, 2021, consists of the following:

Business-Type Activities Revenue Debt

<u>Revenue Debt</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
Revenue Bonds	10/12/11	2.00-3.50	07/01/13-23	\$ 3,175,000	\$ 650,000
Revenue Bonds	06/28/16	2.00-2.00	07/01/07-22	4,880,000	1,000,000
Revenue Bonds	12/28/17	2.00-3.00	07/01/18-24	4,790,000	<u>4,025,000</u>
Total governmental activities, revenue debt					<u>\$ 5,675,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,850,000	\$ 163,500
2023	1,900,000	116,250
2024	<u>1,925,000</u>	<u>57,750</u>
Total	<u>\$ 5,675,000</u>	<u>\$ 337,500</u>

Other Debt Information

As of December 31, 2021, the City of Hartford had \$0 in unused lines of credit.

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.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 4,865,328
Construction in progress	418,519
Other capital assets, net of accumulated depreciation	53,891,518
Less long-term debt outstanding	(21,500,000)
Plus unspent capital related debt proceeds	1,805,729
Less unamortized debt premium	<u>(784,231)</u>
Total net investment in capital assets	<u>\$ 38,696,863</u>

City of Hartford

Notes to Financial Statements
December 31, 2021

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Veterans Park Pool Project</u>	<u>Other Projects</u>	<u>Nonmajor Government al Funds</u>	<u>Total</u>
Fund Balances						
Nonspendable:						
Prepaid items	\$ 233,198	\$ -	\$ -	\$ 77	\$ 36,979	\$ 270,254
Inventories	<u>10,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,024</u>
Subtotal	<u>243,222</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>36,979</u>	<u>280,278</u>
Restricted for:						
Debt service	-	46,128	-	-	-	46,128
State	-	-	-	-	527,621	527,621
Library	-	-	-	-	1,639,527	1,639,527
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,805,729</u>	<u>1,805,729</u>
Subtotal	<u>-</u>	<u>46,128</u>	<u>-</u>	<u>-</u>	<u>3,972,877</u>	<u>4,019,005</u>
Committed to:						
Transportation	-	-	-	-	231,740	231,740
Recreation Center	-	-	-	-	265,782	265,782
Business Improvement District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,934</u>	<u>56,934</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>554,456</u>	<u>554,456</u>
Assigned to:						
Capital Improvements	-	-	106,941	-	-	106,941
Parks	-	-	-	-	1,381,724	1,381,724
Subsequent years budget	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>794,465</u>	<u>794,465</u>
Subtotal	<u>-</u>	<u>-</u>	<u>106,941</u>	<u>-</u>	<u>2,176,189</u>	<u>2,283,130</u>
Unassigned (deficit):	<u>6,789,004</u>	<u>-</u>	<u>-</u>	<u>(2,974,819)</u>	<u>-</u>	<u>3,814,185</u>
Total fund balances (deficit)	<u>\$ 7,032,226</u>	<u>\$ 46,128</u>	<u>\$ 106,941</u>	<u>\$ (2,974,742)</u>	<u>\$ 6,740,501</u>	<u>\$ 10,951,054</u>

Business-Type Activities

Net investment in capital assets:

Land	\$ 1,601,150
Construction in progress	140,952
Other capital assets, net of accumulated depreciation	83,609,815
Less long-term debt outstanding	(5,675,000)
Plus unspent capital related debt proceeds	731,691
Less unamortized debt premium	(85,777)
Plus unamortized loss on refunding	<u>127,221</u>

Total net investment in capital assets

\$ 80,450,052

City of Hartford

Notes to Financial Statements
December 31, 2021

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

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 947,169	\$ 1,098,246	Custodial credit
LGIP	4,495	4,495	Credit risk, Interest
Petty cash	100	-	rate
			N/A
Total deposits and investments	<u>\$ 951,764</u>	<u>\$ 1,102,741</u>	
Reconciliation to financial statements per statement of net position:			
Unrestricted cash and investments	\$ 105,436		
Restricted cash and investments	<u>846,328</u>		
Total deposits and investments	<u>\$ 951,764</u>		

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.

Uninsured and uncollateralized	<u>\$ 598,246</u>
Total	<u>\$ 598,246</u>

Investments

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

The Authority does not have any investments exposed to custodial credit risk.

City of Hartford

Notes to Financial Statements
December 31, 2021

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.

d. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 316,850	\$ -	\$ -	\$ 316,850
Buildings	5,856,080	-	-	5,856,080
Furniture and fixtures	467,383	-	-	467,383
Machinery and equipment	329,756	-	-	329,756
Less accumulated depreciation / amortization	<u>(3,894,219)</u>	<u>(172,005)</u>	<u>-</u>	<u>(4,066,224)</u>
Total	<u>\$ 3,075,850</u>	<u>\$ (172,005)</u>	<u>\$ -</u>	<u>\$ 2,903,845</u>

e. Long-Term Obligations

Long-term obligations activity for the years ended December 31, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 205,502	\$ -	\$ 84,078	\$ 121,424	\$ 86,980
Revenue bonds	60,934	-	60,934	-	-
Total OPEB Liability	414,043	38,314	126,754	325,603	-
Net OPEB Liability, LRLIF	43,290	12,998	-	56,288	-
Loans payable	<u>2,081,460</u>	<u>-</u>	<u>104,944</u>	<u>1,976,516</u>	<u>107,383</u>
Total	<u>\$ 2,805,229</u>	<u>\$ 51,312</u>	<u>\$ 376,710</u>	<u>\$ 2,479,831</u>	<u>\$ 194,363</u>

<u>Revenue Debt</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Principal Payable</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
City of Hartford First National Bank Note	06/10/13	3.4%	Annually	\$ 759,930	\$ 121,424

City of Hartford

Notes to Financial Statements
December 31, 2021

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 86,980	\$ 3,113	\$ 90,093
2023	<u>34,444</u>	<u>441</u>	<u>34,885</u>
Total	<u>\$ 121,424</u>	<u>\$ 3,554</u>	<u>\$ 124,978</u>

Loans Payable

<u>Type</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount December 31, 2021</u>
Loans payable	5/1/2017	4/1/2037	2.30 %	\$ 2,435,000	\$ 1,976,516

Loans payable requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Years ending December 31:		
2022	\$ 107,383	\$ 44,624
2023	109,879	42,128
2024	112,433	39,573
2025	115,046	36,960
2026	117,721	34,286
2027-2031	630,942	129,091
2030-2036	707,760	52,273
2037	<u>75,352</u>	<u>652</u>
Total	<u>\$ 1,976,516</u>	<u>\$ 379,587</u>

f. Employee Retirement System

Summary of Significant Accounting Policies

Pension

For purposes of measuring the net pension liability (asset), 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.

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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

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>
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
2019	0.0	(10.0)
2020	1.7	21.0

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 \$33,239 in contributions from the Authority.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

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

At December 31, 2021, the Authority reported an (asset)liability of \$175,772 for its proportionate share of the net pension (asset)liability. The net pension (asset)liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension (asset)liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 (asset)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, 2020, the Authority's proportion was 0.00281544%, which was an increase of 0.00009932% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Authority recognized pension expense of \$(35,030).

At December 31, 2021, 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	\$ 291,453	\$ 108,487
Changes in assumptions	5,084	-
Net differences between projected and actual earnings on pension plan investments	249,910	576,832
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,426	16
Employer contributions subsequent to the measurement date	<u>35,030</u>	<u>-</u>
Total	<u><u>\$ 582,903</u></u>	<u><u>\$ 685,335</u></u>

\$35,030 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2022	\$ (35,257)
2023	(9,219)
2024	(65,343)
2025	(27,643)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
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. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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 geometric real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
US Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%.
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 for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) 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 investment 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
December 31, 2021

Sensitivity of the Authority's Proportionate Share of the Net Pension (Asset)Liability to Changes in the Discount Rate

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Authority's proportionate share of the net pension (asset)liability	<u>\$ (1,673,109)</u>	<u>\$ (175,772)</u>	<u>\$ 4,277,644</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

g. Net Position

Net investment in capital assets:

Land	\$ 316,850
Other capital assets, net of accumulated depreciation	2,586,995
Less related long-term debt outstanding	(2,097,940)
Plus noncapital related debt	<u>416,568</u>
Net investment in capital assets	<u>\$ 1,222,473</u>
Restricted for grant programs	\$ 19,767
Restricted for pension asset	<u>175,722</u>
Total	<u>\$ 195,489</u>
Unrestricted	<u>\$ 81,037</u>
Total	<u>\$ 81,037</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 2021, the Authority contributed \$103,703, to the plan.

City of Hartford

Notes to Financial Statements
December 31, 2021

Employees Covered by Benefit Terms

At December 31, 2021, 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>
	<u><u>12</u></u>

Total OPEB Liability

For the year ended December 31, 2021, the Authority's total OPEB liability of \$325,603 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumption and Other Inputs

The total OPEB liability in the December 31, 2020 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 rate	6.5% decreasing by 0.10% per year down to 5.00% and level thereafter

For the year December 31, 2021, the discount rate of 2.25% was based on Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period 2015-17.

Changes in the Total OPEB Liability

	<u>Total Pension Liability</u>
Beginning balance, January 1, 2021	\$ <u>414,043</u>
Charges for the year:	
Service cost	20,026
Interest on total pension liability	9,919
Changes of assumptions	8,369
Benefit payments	<u>(126,754)</u>
Net changes	<u>(88,440)</u>
Ending balance, December 31, 2021	\$ <u><u>325,603</u></u>

City of Hartford

Notes to Financial Statements
December 31, 2021

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 (3.25%) or 1-percentage-point higher (1.25%) than the current discount rate:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Total OPEB liability	\$ 342,268	\$ 325,603	\$ 308,890

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 (5.5% decreasing to 4%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease (5.5% Decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)</u>	<u>1% Increase (7.5% Decreasing to 6.0%)</u>
Total OPEB liability	\$ 293,697	\$ 325,603	\$ 362,421

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

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$16,424. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 7,439	\$ 22,065
Differences between projected and actual experiences	-	77,748
Employer contributions subsequent to the measurement date	103,703	-
Total	<u>\$ 111,142</u>	<u>\$ 99,813</u>

City of Hartford

Notes to Financial Statements
December 31, 2021

\$103,703 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (13,521)
2023	(13,521)
2024	(13,521)
2025	(13,521)
2026	(13,521)
Thereafter	(24,769)

- i. 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 Annual Comprehensive Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting

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

Benefits Provided

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

Contributions

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

City of Hartford

Notes to Financial Statements
December 31, 2021

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, 2020 are:

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

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

During the reporting period, the LRLIF recognized \$201 in contributions from the employer.

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

At December 31, 2021, the Authority reported a liability of \$882,130 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. 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, 2020, the Authority's proportion was 0.01023283%, which was an increase of 0.00006652% from its proportion measured as of December 31, 2018.

City of Hartford

Notes to Financial Statements
December 31, 2021

For the year ended December 31, 2021, the City recognized OPEB expense of \$7,049.

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,687
Net differences between projected and actual earnings on OPEB plan investments	819	-
Changes in assumptions	21,890	3,881
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,430	-
Employer contributions subsequent to the measurement date	<u>185</u>	<u>-</u>
Total	<u>\$ 24,324</u>	<u>\$ 6,568</u>

\$3,457 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ 3,372
2023	3,283
2024	3,192
2025	2,885
2026	3,314
Thereafter	1,525

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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, 2021**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50	.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

Single Discount Rate.

A single discount rate of 2.25% 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.

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 2.25%, 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 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Authority's Proportionate Share of the net OPEB liability-LRLIF	\$ <u>76,568</u>	\$ <u>56,288</u>	\$ <u>40,951</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>.

5. Other Information

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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

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>
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
2019	0.0	(10.0)
2020	1.7	21.0

City of Hartford

Notes to Financial Statements
December 31, 2021

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 \$657,100 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

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

At December 31, 2021, the City reported an liability (asset) of \$(3,474,824) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.05847374%, which was an increase of 0.00206279% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized pension expense of \$652,921.

At December 31, 2021, 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	\$ 4,742,171	\$ 1,029,576
Changes in assumptions	77,718	-
Net differences between projected and actual earnings on pension plan investments	-	6,277,071
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,865	-
Employer contributions subsequent to the measurement date	<u>655,697</u>	<u>-</u>
Total	<u>\$ 5,505,451</u>	<u>\$ 7,306,647</u>

City of Hartford

Notes to Financial Statements
December 31, 2021

\$655,697 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, 2022. 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>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (630,148)
2023	(164,771)
2024	(1,167,895)
2025	(494,079)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
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. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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 geometric real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.3
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
US Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%.
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 for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's *20-year Municipal GO AA Index* as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) 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 investment 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
December 31, 2021

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%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 5,147,971	\$ (3,474,824)	\$ (13,161,837)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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)

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 0%.

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.

City of Hartford

Notes to Financial Statements
December 31, 2021

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, 2021. A total liability of approximately \$31,518 at December 31, 2021, 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>
2020	\$ 10,837	\$ 306,057	\$ 306,797	\$ 10,097
2021	10,097	316,959	295,538	31,518

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 \$219,092 at December 31, 2021 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, 2021 and 2020 were as follows:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2020	\$ 218,364	\$ 3,123,323	\$ 3,072,942	\$ 268,745
2021	268,745	3,195,060	3,244,713	219,092

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 active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts, WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Michigan and Iowa. 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.

Fifty members, representing approximately 99.8% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract 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 \$291 million as of December 31, 2021.

Other Postemployment Benefits**General Information about the OPEB Plan****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, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	12
Active plan members	<u>101</u>
Total	<u><u>113</u></u>

Total OPEB Liability

The City's total OPEB liability of \$7,314,271 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

City of Hartford

Notes to Financial Statements
December 31, 2021

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00
Salary increases	3.00%
Healthcare cost trend rates	6.50% decreasing by 0.10% per year down to 5% and level thereafter

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

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generational improvement scale.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study 2015 - 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2020	<u>\$ 6,973,648</u>
Changes for the year:	
Service cost	251,689
Interest	190,901
Changes in assumptions or other inputs	213,283
Benefit payments	<u>(315,250)</u>
Net changes	<u>340,623</u>
Balances at December 31, 2021	<u><u>\$ 7,314,271</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% in 2020 to 2.25% in 2021.

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 (1.3%) or 1-percentage-point higher (3.3%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 7,751,327</u>	<u>\$ 7,314,271</u>	<u>\$ 6,891,731</u>

City of Hartford

Notes to Financial Statements
December 31, 2021

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 (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 6,646,189	\$ 7,314,271	\$ 8,074,775

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$423,713. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,265,002
Changes of assumptions or other inputs	189,585	329,386
Employer contributions subsequent to the measurement date	<u>304,333</u>	<u>-</u>
Total	<u>\$ 493,918</u>	<u>\$ 1,594,388</u>

\$304,333 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31:</u>	<u>Deferred Inflows of Resources</u>
2022	\$ (176,864)
2023	(176,864)
2024	(176,864)
2025	(176,864)
2026	(176,864)
Thereafter	<u>(520,483)</u>
Total	<u>\$ (1,404,803)</u>

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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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 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, 2021 are:

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

City of Hartford

Notes to Financial Statements
December 31, 2021

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

Life Insurance Member Contribution Rates For the Plan Year

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

Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$3,200 in contributions from the employer.

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

At December 31, 2021, the City reported a liability of \$882,130 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. 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, 2020, the City's proportion was 0.17059900%, which was an increase of 0.00110900% from its proportion measured as of December 31, 2019.

City of Hartford

Notes to Financial Statements
December 31, 2021

For the year ended December 31, 2021, the City recognized OPEB expense of \$109,970.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 42,090
Net differences between projected and actual earnings on OPEB plan investments	12,843	-
Changes in assumptions	343,169	60,507
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,311	-
Employer contributions subsequent to the measurement date	<u>3,457</u>	<u>-</u>
Total	<u>\$ 381,780</u>	<u>\$ 102,597</u>

\$3,457 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ 52,908
2023	51,519
2024	50,089
2025	45,271
2026	52,004
Thereafter	23,935

City of Hartford

Notes to Financial Statements
December 31, 2021

Actuarial Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

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, 2020

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u> %	<u>Long-Term</u> <u>Expected</u> <u>Geometric Real</u> <u>Rate of Return %</u>
US Credit Bonds	Barclays Credit	50	1.47
US Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

City of Hartford

Notes to Financial Statements
December 31, 2021

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20%, respectively. 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.

Single Discount Rate

A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
City's proportionate share of the net OPEB liability	<u>\$ 1,199,948</u>	<u>\$ 882,130</u>	<u>\$ 641,772</u>

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*

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

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, 2021, less than 25 acres remain unsold.

Major Customers

The Proprietary Fund - Enterprise Funds derived 30.53% or approximately \$11.3 million of its 2021 revenue from two industrial customers, each of which are approximately 14.49% and 16.04%, respectively, of user charges.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hartford

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

General Fund

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,524,524	\$ 4,524,524	\$ 4,626,813	\$ 102,289
Intergovernmental	1,664,284	1,664,284	1,669,043	4,759
Licenses and permits	327,840	327,840	466,159	138,319
Fines, forfeitures and penalties	245,100	245,100	204,514	(40,586)
Public charges for services	1,208,265	1,208,265	1,233,141	24,876
Interdepartmental revenues	405,773	405,773	405,773	-
Miscellaneous revenues	95,050	159,250	96,914	(62,336)
Total revenues	<u>8,470,836</u>	<u>8,535,036</u>	<u>8,702,357</u>	<u>167,321</u>
Expenditures				
Current:				
General government	1,157,216	1,157,916	1,118,731	39,185
Public safety	5,084,149	5,092,649	4,885,947	206,702
Public works	2,669,598	2,669,598	2,461,220	208,378
Leisure activities	964,765	994,765	829,856	164,909
Conservation and development	170,819	170,819	232,026	(61,207)
Public service enterprise	163,056	163,056	151,014	12,042
Capital outlay	68,700	93,700	34,345	59,355
Total expenditures	<u>10,278,303</u>	<u>10,342,503</u>	<u>9,713,139</u>	<u>629,364</u>
Excess of revenues over (under) expenditures	<u>(1,807,467)</u>	<u>(1,807,467)</u>	<u>(1,010,782)</u>	<u>796,685</u>
Other Financing Sources (Uses)				
Transfers in	1,903,891	1,903,891	1,756,763	(147,128)
Transfers out	<u>(412,705)</u>	<u>(412,705)</u>	<u>(417,417)</u>	<u>(4,712)</u>
Total other financing sources (uses)	<u>1,491,186</u>	<u>1,491,186</u>	<u>1,339,346</u>	<u>(151,840)</u>
Net changes in fund balance	<u>\$ (316,281)</u>	<u>\$ (316,281)</u>	<u>328,564</u>	<u>\$ 644,845</u>
Fund Balance, Beginning			<u>6,703,662</u>	
Fund Balance, Ending			<u>\$ 7,032,226</u>	

See notes to required supplementary information

City of Hartford

Required Supplementary Information
Schedule of Changes in the Total OPEB Health Insurance Liability
and Related Ratios
Year ended December 31, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Service cost	\$ 293,587	\$ 293,587	\$ 267,526	\$ 251,689
Interest on total OPEB Liability	270,259	297,904	339,269	190,901
Prior year adjustment	3,987,100	-	-	-
Differences between expected and actual experience	-	-	(1,626,432)	-
Changes in assumptions	-	(276,543)	(186,461)	213,283
Benefit payments	<u>(307,524)</u>	<u>(327,105)</u>	<u>(336,410)</u>	<u>(315,250)</u>
Net change in total OPEB liability	4,243,422	(12,157)	(1,542,508)	340,623
OPEB Liability-Health, Beginning	<u>4,284,891</u>	<u>8,528,313</u>	<u>8,516,156</u>	<u>6,973,648</u>
OPEB Liability-Health, Ending	<u>\$ 8,528,313</u>	<u>\$ 8,516,156</u>	<u>\$ 6,973,648</u>	<u>\$ 7,314,271</u>
Covered Employee Payroll	<u>\$ 6,558,017</u>	<u>\$ 6,059,048</u>	<u>\$ 6,609,996</u>	<u>\$ 6,609,996</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>130.04 %</u>	<u>140.55 %</u>	<u>105.50 %</u>	<u>110.65%</u>

See notes to required supplementary information

City of Hartford

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Employer Contributions
Local Life Insurance Fund
Year Ended December 31, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Schedule of Employer's Proportionate Share of the Net OPEB Liability				
Employer's proportion of the net OPEB liability	0.1529216%	0.1687920%	0.1694900%	0.17059900%
Employer's proportionate share of the net OPEB liability	\$ 450,333	\$ 409,330	\$ 678,431	\$ 882,130
Employer's covered-employee payroll	6,293,759	7,040,000	6,858,843	7,056,843
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	7.16 %	6.19 %	9.76 %	12.37 %
Plan fiduciary net position as a percentage of the total OPEB liability	44.81 %	48.69 %	37.58 %	31.36 %
Schedule of Employer Contributions (Fiscal Year Basis)				
Contractually required contributions	\$ 3,061	\$ 3,150	\$ 3,184	\$ 3,457
Contributions in relation to the contractually required contributions	3,061	3,150	3,184	3,457
Employer's covered-employee payroll	6,293,759	7,819,199	7,786,848	8,224,016
Contributions as a percentage of covered-employee payroll	0.048635 %	0.040285 %	0.040889 %	0.042035 %

See notes to required supplementary information

City of Hartford

Schedule of Proportionate Share of the Net Pension Liability (Asset) -

Wisconsin Retirement System

Year Ended December 31, 2021

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
12/31/2014	0.05524144 %	\$ (1,249,857)	\$ 6,146,412	20.33 %	102.74 %
12/31/2015	0.05429231 %	813,589	6,245,170	13.03 %	98.20 %
12/31/2016	0.05376890 %	410,625	6,307,985	6.37 %	99.12 %
12/31/2017	0.05408956 %	(1,505,516)	6,513,767	22.74 %	102.93 %
12/31/2018	0.05502606 %	1,834,402	7,365,363	26.58 %	96.45 %
12/31/2019	0.05641095 %	(1,714,219)	7,287,042	23.26 %	102.96 %
12/31/2020	0.05847374 %	(3,474,824)	7,760,469	44.02 %	105.26 %

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2021

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
12/31/2015	\$ 476,369	476,369	\$ -	\$ 6,245,170	7.63 %
12/31/2016	451,558	451,558	-	6,307,985	7.16 %
12/31/2017	520,947	520,947	-	6,513,767	8.00 %
12/31/2018	542,738	542,738	-	6,811,093	7.97 %
12/31/2019	572,422	572,422	-	7,819,199	7.32 %
12/31/2020	657,100	657,100	-	7,786,848	8.44 %
12/31/2021	655,697	655,697	-	7,718,237	8.50 %

See notes to required supplementary information

1. 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.

2. 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: No significant change in assumptions were noted from the prior year.

3. 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: The discount rate changed from 2.75% to 2.25%.

SUPPLEMENTARY INFORMATION

City of Hartford

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2021

	Special Revenue Funds						Capital Project Funds			Total Nonmajor Governmental Funds	
	State	Library	Transportation Program	Recreation Center	Business Improvement District	American Rescue Plan Act	CDBG	Parks	Capital Improvements		Special Assessment
Assets											
Current Assets											
Cash and investments	\$ -	\$ 1,707,624	\$ 140,443	\$ 280,563	\$ 43,867	\$ 451,907	\$ 100	\$ 1,570,932	\$ 2,602,713	\$ -	\$ 6,798,149
Taxes receivable	-	709,312	37,622	-	-	-	-	-	-	-	746,934
Due from other governmental agencies	-	-	99,915	-	16,136	-	-	-	-	-	116,051
Accrued investment income receivable	-	398	92	62	-	126	-	136,646	577	-	137,901
Prepayments	-	13,577	11,247	12,155	-	-	-	-	-	-	36,979
Total current assets	-	2,430,911	289,319	292,780	60,003	452,033	100	1,707,578	2,603,290	-	7,836,014
Restricted Assets											
Cash and investments	101,120	-	-	-	-	-	-	-	-	-	101,120
Notes receivable	442,661	-	-	-	-	-	-	-	-	-	442,661
Prepayments	81	-	-	-	-	-	-	-	-	-	81
Total restricted assets	543,862	-	-	-	-	-	-	-	-	-	543,862
Total assets	\$ 543,862	\$ 2,430,911	\$ 289,319	\$ 292,780	\$ 60,003	\$ 452,033	\$ 100	\$ 1,707,578	\$ 2,603,290	\$ -	\$ 8,379,876
Liabilities, Deferred Inflows of Resources and Fund Balances											
Liabilities											
Accounts payable	\$ 16,241	\$ 21,762	\$ 779	\$ 14,843	\$ 3,069	\$ 134,807	\$ -	\$ 2,801	\$ 3,096	\$ -	\$ 197,398
Accrued liabilities	-	27,922	-	-	-	-	-	186,733	-	-	214,655
Unearned revenues	-	-	-	-	-	317,226	-	-	-	-	317,226
Due to other governmental agencies	-	-	5,883	-	-	-	100	-	-	-	5,983
Total liabilities	16,241	49,684	6,662	14,843	3,069	452,033	100	189,534	3,096	-	735,262
Deferred Inflows of Resources											
Unearned revenues	-	728,123	39,670	-	-	-	-	136,320	-	-	904,113
Total deferred inflows of resources	-	728,123	39,670	-	-	-	-	136,320	-	-	904,113
Fund Balances											
Nonspendable	-	13,577	11,247	12,155	-	-	-	-	-	-	36,979
Restricted	527,621	1,639,527	-	-	-	-	-	-	1,805,729	-	3,972,877
Committed	-	-	231,740	265,782	56,934	-	-	-	-	-	554,456
Assigned	-	-	-	-	-	-	-	1,381,724	794,465	-	2,176,189
Total fund balances	527,621	1,653,104	242,987	277,937	56,934	-	-	1,381,724	2,600,194	-	6,740,501
Total liabilities, deferred inflows of resources, and fund balances	\$ 543,862	\$ 2,430,911	\$ 289,319	\$ 292,780	\$ 60,003	\$ 452,033	\$ 100	\$ 1,707,578	\$ 2,603,290	\$ -	\$ 8,379,876

City of Hartford

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

	Special Revenue Funds						Capital Project Funds			Total Nonmajor Governmental Funds	
	State	Library	Transportation Program	Recreation Center	Business Improvement District	American Rescue Plan Act	CDBG	Parks	Capital Improvements		Special Assessment
Revenues											
Taxes:											
General property tax	\$ -	\$ 698,836	\$ 24,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 723,221
Special assessments	-	-	-	-	64,591	-	-	-	-	34,745	99,336
Intergovernmental:											
Federal grants and aids	-	-	107,716	-	-	491,077	-	-	-	-	598,793
State grants and aids	-	-	57,000	-	-	-	-	-	-	-	57,000
County aids	-	282,528	-	-	-	-	-	-	-	-	282,528
Public charges for services:											
Fees/fares	-	7,509	56,723	324,289	-	-	-	83,080	-	-	471,601
Miscellaneous revenues:											
Investment income	2,872	1,402	92	144	28	126	-	892	1,713	174	7,443
Other	46	17,120	24,697	33,888	21,708	-	-	4,600	1,112	-	103,171
Total revenues	2,918	1,007,395	270,613	358,321	86,327	491,203	-	88,572	2,825	34,919	2,343,093
Expenditures											
Current:											
General government	740,132	-	-	-	94,117	-	-	-	-	-	834,249
Public works	-	-	235,189	-	-	-	-	-	-	-	235,189
Leisure activities	-	877,207	-	723,548	-	-	-	-	-	-	1,600,755
Conservation and development	-	-	-	-	-	100,306	-	32,665	-	-	132,971
Debt service:											
Principal, interest and fees	3	4,356	370	-	-	1,266	-	3,423	6,453	65	15,936
Capital outlay	-	8,415	-	7,999	-	389,631	-	87,011	1,409,036	-	1,902,092
Total expenditures	740,135	889,978	235,559	731,547	94,117	491,203	-	123,099	1,415,489	65	4,721,192
Excess (deficiency) of revenues over expenditures	(737,217)	117,417	35,054	(373,226)	(7,790)	-	-	(34,527)	(1,412,664)	34,854	(2,378,099)
Other Financing Sources (Uses)											
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	49,028	-	49,028
Transfers in	-	5,000	-	342,000	-	-	-	-	39,368	-	386,368
Transfers out	-	(25,000)	-	-	-	-	-	-	-	(34,854)	(59,854)
Total other financing sources (uses)	-	(20,000)	-	342,000	-	-	-	-	88,396	(34,854)	375,542
Net change in fund balances	(737,217)	97,417	35,054	(31,226)	(7,790)	-	-	(34,527)	(1,324,268)	-	(2,002,557)
Fund Balances, Beginning	1,264,838	1,555,687	207,933	309,163	64,724	-	-	1,416,251	3,924,462	-	8,743,058
Fund Balances, Ending	\$ 527,621	\$ 1,653,104	\$ 242,987	\$ 277,937	\$ 56,934	\$ -	\$ -	\$ 1,381,724	\$ 2,600,194	\$ -	\$ 6,740,501

City of Hartford

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 December 31, 2021

	Emergency Squad	Cable Television	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and investments	\$ (217,792)	\$ 276,468	\$ 58,676
Customer accounts receivable	382,465	38,095	420,560
Other accounts receivable	28,156	-	28,156
Accrued investment income receivable	-	64	64
Prepaid expenses	13,794	2,129	15,923
Total current assets	<u>206,623</u>	<u>316,756</u>	<u>523,379</u>
Noncurrent assets:			
Restricted assets:			
Net pension asset	117,735	23,680	141,415
Capital assets:			
Land	67,379	-	67,379
Buildings	6,800	-	6,800
Machinery and equipment	490,807	18,304	509,111
	564,986	18,304	583,290
Less accumulated depreciation	<u>398,679</u>	<u>6,150</u>	<u>404,829</u>
Net property, plant and equipment	<u>166,307</u>	<u>12,154</u>	<u>178,461</u>
Total noncurrent assets	<u>284,042</u>	<u>35,834</u>	<u>319,876</u>
Total assets	<u>490,665</u>	<u>352,590</u>	<u>843,255</u>
Deferred Outflows of Resources			
Pension related amounts	182,717	55,498	238,215
Other postemployment benefits related amounts	8,161	4,097	12,258
Total deferred outflows of resources	<u>190,878</u>	<u>59,595</u>	<u>250,473</u>
Liabilities			
Current liabilities:			
Accounts payable	10,710	-	10,710
Other accrued liabilities	-	8,211	8,211
Total current liabilities	<u>10,710</u>	<u>8,211</u>	<u>18,921</u>
Noncurrent liabilities:			
Net other postemployment benefits liability	18,763	9,521	28,284
Accrued compensated absences	-	1,581	1,581
Total liabilities	<u>29,473</u>	<u>19,313</u>	<u>48,786</u>
Deferred Inflows Of Resources			
Pension related amounts	258,743	72,292	331,035
Other postemployment benefits related amounts	2,178	1,105	3,283
Total deferred outflows of resources	<u>260,921</u>	<u>73,397</u>	<u>334,318</u>
Net Position			
Net investment in capital assets	166,307	12,154	178,461
Restricted	117,735	23,680	141,415
Unrestricted	107,107	283,641	390,748
Total net position	<u>\$ 391,149</u>	<u>\$ 319,475</u>	<u>\$ 710,624</u>

City of Hartford

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

Year Ended December 31, 2021

	Emergency Squad	Cable Television	Totals
Operating Revenues			
Intergovernmental	\$ 9,406	\$ -	\$ 9,406
Charges for services	744,324	187,468	931,792
Other revenue	2,663		2,663
	<u>756,393</u>	<u>187,468</u>	<u>943,861</u>
Operating Expenses			
Operating and maintenance	681,635	112,391	794,026
Depreciation	33,241	1,350	34,591
Taxes	32,192	3,521	35,713
	<u>747,068</u>	<u>117,262</u>	<u>864,330</u>
	<u>9,325</u>	<u>70,206</u>	<u>79,531</u>
Nonoperating Revenues (Expenses)			
Investment income	454	119	573
Interest expense	(118)	-	(118)
	<u>336</u>	<u>119</u>	<u>455</u>
	9,661	70,325	79,986
Transfers Out	<u>(1,694)</u>	<u>(115,394)</u>	<u>(117,088)</u>
	7,967	(45,069)	(37,102)
Net Position, Beginning	<u>383,182</u>	<u>364,544</u>	<u>747,726</u>
Net Position, Ending	<u>\$ 391,149</u>	<u>\$ 319,475</u>	<u>\$ 710,624</u>

City of Hartford

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2021

	<u>Emergency Squad</u>	<u>Cable Television</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers	\$ 650,939	\$ 149,500	\$ 800,439
Payments to vendors	(594,323)	(74,858)	(669,181)
Payments to employees	(273,050)	(46,242)	(319,292)
Net cash flows from operating activities	<u>(216,434)</u>	<u>28,400</u>	<u>(188,034)</u>
Cash Flows From Noncapital Financing Activities			
Transfers in (out)	<u>(1,694)</u>	<u>(115,394)</u>	<u>(117,088)</u>
Cash Flows From Investing Activities			
Investment income	<u>454</u>	<u>119</u>	<u>573</u>
Net cash flows from investing activities	<u>454</u>	<u>119</u>	<u>573</u>
Cash Flows From Capital and Related Financing Activities			
Interest paid	(118)	-	(118)
Acquisition and construction of capital assets	<u>-</u>	<u>(13,504)</u>	<u>(13,504)</u>
Net cash flows from capital and related financing activities	<u>(118)</u>	<u>(13,504)</u>	<u>(13,622)</u>
Change in cash and cash equivalents	(217,792)	(100,379)	(318,171)
Cash and Cash Equivalents, Beginning	<u>-</u>	<u>376,847</u>	<u>376,847</u>
Cash and Cash Equivalents, Ending	<u>\$ (217,792)</u>	<u>\$ 276,468</u>	<u>\$ 58,676</u>
Reconciliation of Operating Income to Net Cash From Operating Activities			
Income from operations	\$ 9,325	\$ 70,206	\$ 79,531
Adjustments to reconcile income to net cash flows from operating activities:			
Depreciation	33,241	1,350	34,591
Change in assets, deferred outflows/inflows and liabilities:			
Customer accounts receivable	(105,453)	(37,968)	(143,421)
Prepayments	(1,268)	(875)	(2,143)
Accounts payable	2,981	(39)	2,942
Payable to municipality	(110,920)	-	(110,920)
Accrued liabilities	-	32	32
Other current liabilities	-	969	969
Pension and OPEB related deferrals and liabilities/assets	<u>(44,340)</u>	<u>(5,275)</u>	<u>(49,615)</u>
Net cash flows from operating activities	<u>\$ (216,434)</u>	<u>\$ 28,400</u>	<u>\$ (188,034)</u>
Noncash Capital and Related Financing Activities			
None			

City of Hartford

Combining Statement of Net Position

Internal Service Funds

December 31, 2021

	<u>Data Processing Fund</u>	<u>Risk Management Fund</u>	<u>Health Self- Insurance Fund</u>	<u>Total</u>
Assets				
Current assets:				
Cash and investments	\$ 181,807	\$ 834,731	\$ 2,637,644	\$ 3,654,182
Accounts receivable	-	-	139,772	139,772
Accrued investment income receivable	40	156	584	780
Inventories	5,554	-	-	5,554
Prepaid expenses	11,326	976	584	12,886
	<u>198,727</u>	<u>835,863</u>	<u>2,778,584</u>	<u>3,813,174</u>
Total current assets				
Machinery and equipment	401,505	-	-	401,505
Less accumulated depreciation	(357,691)	-	-	(357,691)
	<u>43,814</u>	<u>-</u>	<u>-</u>	<u>43,814</u>
Net property, plant and equipment				
Other assets, investment with CVMIC	-	345,000	-	345,000
	<u>242,541</u>	<u>1,180,863</u>	<u>2,778,584</u>	<u>4,201,988</u>
Total assets				
Liabilities				
Accounts payable	5,164	6,785	1,848	13,797
Accrued liabilities	-	31,518	219,029	250,547
Unearned revenue	-	-	288,640	288,640
	<u>5,164</u>	<u>38,303</u>	<u>509,517</u>	<u>552,984</u>
Total current liabilities				
Net Position				
Net investment in capital assets	43,814	-	-	43,814
Unrestricted	193,563	1,142,560	2,269,067	3,605,190
	<u>237,377</u>	<u>1,142,560</u>	<u>2,269,067</u>	<u>3,649,004</u>
Total net position	<u>\$ 237,377</u>	<u>\$ 1,142,560</u>	<u>\$ 2,269,067</u>	<u>\$ 3,649,004</u>

City of Hartford**Combining Statement of Revenues, Expenses and Changes in Net Position**

Internal Service Funds

Year Ended December 31, 2021

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Total
Operating Revenues				
Charges for services	\$ 235,980	\$ 522,611	\$ 3,039,899	\$ 3,798,490
Operating Expenses				
Operating and maintenance	189,315	444,895	3,585,626	4,219,836
Depreciation	22,136	-	-	22,136
Total operating expenses	211,451	444,895	3,585,626	4,241,972
Operating income (loss)	24,529	77,716	(545,727)	(443,482)
Nonoperating Revenues				
Investment income	102	242	998	1,342
Interest expense	(406)	(1,544)	(6,308)	(8,258)
Total nonoperating revenues	(304)	(1,302)	(5,310)	(6,916)
Income before transfers	24,225	76,414	(551,037)	(450,398)
Transfers Out	(5,739)	(165)	(83)	(5,987)
Change in net position	18,486	76,249	(551,120)	(456,385)
Net Position, Beginning	218,891	1,066,311	2,820,187	4,105,389
Net Position, Ending	\$ 237,377	\$ 1,142,560	\$ 2,269,067	\$ 3,649,004

City of Hartford

 Combining Statement of Cash Flows
 Internal Service Funds
 Year Ended December 31, 2021

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 235,980	\$ 522,611	\$ 3,041,383	\$ 3,799,974
Payments to vendors	(112,891)	(402,557)	(3,582,226)	(4,097,674)
Payments to employees	(64,015)	(16,307)	(10,453)	(90,775)
Net cash flows from operating activities	<u>59,074</u>	<u>103,747</u>	<u>(551,296)</u>	<u>(388,475)</u>
Cash Flows From Investing Activities				
Investment income	<u>132</u>	<u>432</u>	<u>2,254</u>	<u>2,818</u>
Cash Flows From Noncapital Related Financing Activities				
Transfers (out) in	<u>(5,739)</u>	<u>(165)</u>	<u>(83)</u>	<u>(5,987)</u>
Net cash flows from noncapital financing activities	<u>(5,739)</u>	<u>(165)</u>	<u>(83)</u>	<u>(5,987)</u>
Net change in cash and cash equivalents	53,467	104,014	(549,125)	(391,644)
Cash and Cash Equivalents, Beginning	<u>128,340</u>	<u>730,717</u>	<u>3,186,769</u>	<u>4,045,826</u>
Cash and Cash Equivalents, Ending	<u>\$ 181,807</u>	<u>\$ 834,731</u>	<u>\$ 2,637,644</u>	<u>\$ 3,654,182</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Operating income (loss)	\$ 24,529	\$ 77,716	\$ (545,727)	\$ (443,482)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	22,136	-	-	22,136
Change in assets, deferred outflows/inflows and liabilities:				
Accounts receivable	-	-	(100,760)	(100,760)
Inventory	(67)	-	-	(67)
Prepayments	15,271	(485)	47,392	62,178
Accounts payable	(2,795)	5,095	(4,729)	(2,429)
Other current liabilities	-	21,421	(49,716)	(28,295)
Deferred inflow of resources	-	-	102,244	102,244
Net cash flow from operating activities	<u>\$ 59,074</u>	<u>\$ 103,747</u>	<u>\$ (551,296)</u>	<u>\$ (388,475)</u>
Noncash Capital and Related Financing Activities				
None				