

CITY OF HARTFORD

Hartford, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

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CITY OF HARTFORD

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the City Common Council
City of Hartford
Hartford, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Hartford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washington Heights Investors in Community Housing, LLC, a discretely presented component unit of the Hartford Community Development Authority which represents 62.3 percent, 77.4 percent and 21.7 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Washington Heights Investors in Community Housing, LLC, a discretely presented component unit of the Hartford Community Development Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

To the City Common Council
City of Hartford

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Wisconsin, as of December 31, 2015 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.

Emphasis of Matter

As discussed in Note I, the City of Hartford adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

To the City Common Council
City of Hartford

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hartford's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 combining financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.



Milwaukee, Wisconsin
June 20, 2016

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

City of Hartford, Wisconsin
Management Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

As management of the City of Hartford, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. The discussion and analysis presents the highlights of financial activities and financial position for the City of Hartford (City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Financial Highlights

- In June 2012, the GASB issued statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. These standards were implemented January 1, 2015. Therefore, the City has restated beginning net position related to the implementation. The City's 2014 comparative data as presented in this Management Discussion and Analysis does not reflect the restatement.
- The total assets of the City exceeded its total liability at the close of the most recent fiscal year by \$124,194,618 (net position). Of this amount, \$17,937,461 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$7,696,992.
- At the close of the 2015 fiscal year, the City's governmental funds reported combined ending fund balances of \$15,306,016, an increase of \$2,341,623 in comparison with the prior year.
- At the end of the 2015 fiscal year, unassigned fund balance for the General Fund was \$7,553,716 or 85% of the total general fund expenditures.
- As of December 31, 2015, the City of Hartford's total General Obligation debt outstanding was \$27,230,000. The city may not exceed 5% of the equalized value of taxable property within the City's jurisdiction and for 2015 the debt limit was \$56,133,840.

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.

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2015 (Unaudited)

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.

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

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

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

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

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

The City of Hartford maintains sixteen 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, and the City Hall 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.

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2015 (Unaudited)

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 device used to accumulate and allocate costs internally among the City's various functions. The City maintains three internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and wastewater operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 20 through 23 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Hartford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund for the City is an agency fund. Total assets of the fiduciary fund were \$15,011,248.

The basic fiduciary funds financial statements can be found on page 24 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 25 through 76 of this report.

Other information –The Required Supplementary Information (RSI) is presented on pages 88 – 91. 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 88 of this report. The City also reports a schedule of the funding progress of the net OPEB liability which is presented on page 89. Notes to the RSI are presented on page 91. 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 92 through 99.

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 exceeded liabilities by \$124,194,618 as of December 31, 2015.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)**

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's Net Position

	Governmental		Business-type		Total	
	Activities 2015	Activities 2014	Activities 2015	Activities 2014	2015	2014
Assets						
Current and other Assets	\$ 30,070,213	\$ 25,831,168	\$ 17,096,193	\$ 17,614,834	\$ 47,166,406	\$ 43,446,002
Capital Assets	60,085,827	54,098,330	82,324,644	83,455,035	142,410,471	137,553,365
Total Assets	90,156,040	79,929,498	99,420,837	101,069,869	189,576,877	180,999,367
Deferred Outflows of Resources						
Unamortized loss on refunding		-	274,553	333,761	274,553	333,761
Deferred outflow related to pensions	1,102,739		281,006			
Total Deferred Outflows of Resources	1,102,739	-	555,559	333,761	274,553	333,761
Liabilities						
Noncurrent liabilities outstanding	31,426,381	27,273,266	19,421,997	20,947,211	50,848,378	48,220,477
Other liabilities	3,388,917	2,706,848	5,057,714	6,367,163	8,446,631	9,074,011
Total Liabilities	34,815,298	29,980,114	24,479,711	27,314,374	59,295,009	57,294,488
Deferred Inflows of Resources						
Unearned revenue	7,745,548	7,459,319	-	81,695	7,745,548	7,541,014
Total Deferred Inflows of Resources	7,745,548	7,459,319	-	81,695	7,745,548	7,541,014
Net Position:						
Net investment in capital assets	34,800,233	31,298,550	64,657,010	63,178,177	99,457,243	94,476,727
Restricted	4,199,695	3,055,320	2,600,219	2,301,197	6,799,914	5,356,517
Unrestricted	9,698,005	8,136,195	8,239,456	8,528,187	17,937,461	16,664,382
Total Net Position	\$ 48,697,933	\$ 42,490,065	\$ 75,496,685	\$ 74,007,561	\$ 124,194,618	\$ 116,497,626

A restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$17,937,461, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2015 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 \$5,054,446 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, 2015. 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 increased by \$4,100,986 in 2015, and business-type activities increased the City's net position by \$953,460 that same year.

City of Hartford

Management Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)

City of Hartford's Changes in Net Position

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total	
					2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,264,768	\$ 2,074,277	\$ 37,506,398	\$ 36,940,969	\$ 39,771,166	\$ 39,015,246
Operating Grants and Contributions	1,560,139	1,423,265	6,213	6,116	1,566,352	1,429,381
Capital Grants and Contributions	1,518,282	96,444	767,797	2,471,771	2,286,079	2,568,215
General revenues						
Property Tax	7,526,308	7,333,189	-	-	7,526,308	7,333,189
Grants and contributions not restricted to specific programs	870,530	866,203	-	-	870,530	866,203
Unrestricted investment earnings	89,171	103,531	50,158	62,556	139,329	166,087
Miscellaneous	891,177	324,764	55,129	44,418	946,306	369,182
Total Revenues and transfers	14,720,375	12,221,673	38,385,695	39,525,830	53,106,070	51,747,503
Expenses:						
General government	781,512	1,518,627	-	-	781,512	1,518,627
Protection of persons and property	4,582,502	5,155,445	-	-	4,582,502	5,155,445
Public works	4,112,449	4,317,222	-	-	4,112,449	4,317,222
Leisure activities	3,163,971	3,018,321	-	-	3,163,971	3,018,321
Conservation and development	435,827	327,025	-	-	435,827	327,025
Public service enterprise	129,119	119,792	-	-	129,119	119,792
Interest	767,387	775,406	-	-	767,387	775,406
Electric	-	-	28,252,742	28,198,544	28,252,742	28,198,544
Water	-	-	2,696,502	2,780,707	2,696,502	2,780,707
Wastewater	-	-	2,334,325	2,316,393	2,334,325	2,316,393
Other	-	-	795,288	776,863	795,288	776,863
Total expenses	13,972,767	15,231,838	34,078,857	34,072,507	48,051,624	49,304,345
Increase (decrease) in net position before transfers	747,608	(3,010,165)	4,306,838	5,453,323	5,054,446	2,443,158
Transfers	3,353,378	2,870,411	(3,353,378)	(2,870,411)	-	-
Increase in net position	4,100,986	(139,754)	953,460	2,582,912	5,054,446	2,443,158
Net position – beginning as restated	44,596,947	42,629,819	74,543,225	75,496,685	119,140,172	118,126,504
Net position – ending	\$ 48,697,933	\$ 42,490,065	\$ 75,496,685	\$ 78,079,597	\$ 124,194,618	\$ 120,569,662

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2015
(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 2015</u>	<u>Net (Expense) of Service 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net (Expense) of Service 2014</u>
General Government	\$ 781,512	\$ (231,077)	\$ 1,518,627	\$ (1,089,901)
Protection of persons and property	4,582,502	(3,947,608)	5,155,445	(4,523,768)
Public Works	4,112,449	(1,015,726)	4,317,222	(2,790,291)
Leisure activities	3,163,971	(2,187,735)	3,018,321	(2,097,117)
Construction and development	435,827	(423,426)	327,025	(316,182)
Public Service Enterprise	129,119	(56,619)	119,792	(45,187)
Interest	767,387	(767,387)	775,406	(775,406)
	<u>\$ 13,972,767</u>	<u>\$ (8,629,578)</u>	<u>\$ 15,231,838</u>	<u>\$ (11,637,852)</u>

Net cost of services is 62% of total cost of services in 2015. 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, 2015 were \$34,078,857. The Business-type activities increased the City of Hartford's net position by \$953,460.

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.

	2015			
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenue, Contributions, and Transfers	\$ 29,631,176	\$ 4,079,126	\$ 4,039,946	\$ 37,750,248
Expenses and Transfers	29,087,104	3,767,894	3,939,922	36,794,920
Change in net position	<u>\$ 544,072</u>	<u>\$ 311,232</u>	<u>\$ 100,024</u>	<u>\$ 955,328</u>

	2014			
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenue, Contributions, and Transfers	\$ 29,292,867	\$ 3,933,745	\$ 5,632,458	\$ 38,859,070
Expenses and Transfers	28,981,665	3,761,777	3,445,510	36,188,952
Change in net position	<u>\$ 311,202</u>	<u>\$ 171,968</u>	<u>\$ 2,186,948</u>	<u>\$ 2,670,118</u>

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2015 (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, City Hall Projects Fund, and all Other Governmental Funds – reported combined ending fund balances of \$15,306,016, a decrease of \$2,341,623 in comparison with the prior year. Of this total amount, \$7,531,879 constitutes unassigned fund balance. This unassigned fund balance includes positive fund balance of \$7.55 million, offset by approximately \$22,000 of deficit fund balance related to Non-major 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 2015, the General Fund balance increased by \$12,794. At the end of the year, the unassigned fund balance of the General Fund was \$7,553,716, while total fund balance was \$7,832,440. 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 85% of total general fund expenditures.

Fund balance in the Debt Service Fund increased by \$667,480 during 2015.

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 \$75,496,685. Total growth in net position for these funds was \$953,460.

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 \$9,430,783 was decreased to \$9,408,283 (an decrease of \$22,500). This decrease represents budget carry-forwards for projects which were not started or completed in 2013.

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

The General Fund operations used \$12,794 less than beginning of the year fund balance. The final amended budget anticipated a use of fund balance of \$455,500.

City of Hartford

Management Discussion and Analysis
As of and for the Year Ended December 31, 2015
(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, 2015, amounts to \$142.3 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 2015	Activities 2014	Activities 2015	Activities 2014	2015	2014
Land	\$ 3,755,690	\$ 3,755,690	\$ 566,111	\$ 558,135	\$ 4,321,801	\$ 4,313,825
Construction in progress	6,050,829	34,453	835,417	1,596,999	6,886,246	1,631,452
Land Improvements	3,302,862	2,923,378	86,091,998	84,188,812	89,394,860	87,112,190
Buildings	25,629,445	25,375,123	29,908,037	29,809,798	55,537,482	55,184,921
Machinery & Equipment	11,268,691	11,112,783	7,127,038	6,876,302	18,395,729	17,989,085
Other property	-	-	3,460,766	3,460,766	3,460,766	3,460,766
Infrastructure	41,390,769	40,120,279	-	-	41,390,769	40,120,279
Intangibles	287,260	287,260	-	-	287,260	287,260
Accumulated depreciation	(31,599,719)	(29,510,636)	(45,744,474)	(43,035,777)	(77,344,193)	(72,546,413)
	\$ 60,085,827	\$ 54,098,330	\$ 82,244,893	\$ 83,455,035	\$ 142,330,720	\$ 137,553,365

Additional information on the City's capital assets can be found in Note IV on pages 50 through 52 of this report.

Long-term debt - As of December 31, 2015, the City of Hartford, Wisconsin had general obligation bonds and notes outstanding totaling \$27,230,000. The City of Hartford has business-type activities revenue bonds and notes payable totaling \$20,213,123.

In the current year, the City paid off \$5,587,945 in principal and \$699,168 in interest on outstanding governmental activities debt.

Business-Type Activities paid \$2,826,859 in principal and \$919,089 in interest on outstanding debt in the current year.

The total of debt that will become due within one year is approximately \$13.14 million.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2015
(Unaudited)**

Capital Assets and Debt Administration (continued)

In 2015 the City of Hartford received a Standard & Poor's AA rating.

	Governmental	Governmental	Business-type	Business-type	Totals	
	<u>Activities 2015</u>	<u>Activities 2014</u>	<u>Activities 2015</u>	<u>Activities 2014</u>	<u>2015</u>	<u>2014</u>
General Obligations						
Bonds & Notes	\$ 27,168,449	\$ 23,281,394	\$ 61,551	\$ 83,606	\$ 27,230,000	\$ 23,365,000
Revenue Bonds	-	-	20,213,123	23,031,631	20,213,123	23,031,631
Total	27,168,449	23,281,394	20,274,674	23,115,237	47,443,123	46,396,631

Additional information about the City's long-term debt can be found in Note IV on pages 55 through 60 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City of Hartford, located in southeastern Wisconsin approximately 30 miles north of Milwaukee, lies predominantly in Washington County with a portion in Dodge County. The city's favorable geographic location, availability of developable land, and proximity to major transportation routes has contributed to tremendous growth over the past 17 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:

- Construction on the Veterans Memorial Aquatic Center is scheduled to begin in August 2015. Funding for the project will be a combination of municipal bond funds, capital campaign funds, and other available financial resources.
- In 2015 the City will be reviewing plans for the possibility of a new TIF in the Dodge Industrial Park.

Requests for information

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

BASIC FINANCIAL STATEMENTS

CITY OF HARTFORD

STATEMENT OF NET POSITION
As of December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 21,440,182	\$ 6,537,742	\$ 27,977,924	\$ 12,033
Receivables				
Current	4,313,693	4,190,469	8,504,162	23,265
Noncurrent	116,974	-	116,974	688,270
Due from other governments	312,511	-	312,511	75,396
Inventory	17,262	734,501	751,763	-
Prepayments	262,722	189,916	452,638	33,050
Due from (to) component unit	763,365	-	763,365	(763,365)
Restricted assets				
Cash and investments	756,182	5,189,335	5,945,517	673,539
Accounts, notes and leases receivable	746,665	-	746,665	829,211
Accrued investment income receivable	7	-	7	3,721
Prepayments and inventory	26	-	26	17,466
Net pension asset	995,624	254,230	1,249,854	107,027
Investment in CVMIC	345,000	-	345,000	-
Capital assets, net of depreciation/amortization	60,085,827	82,244,893	142,330,720	3,856,751
Other	-	79,751	79,751	9,116
Total Assets	<u>90,156,040</u>	<u>99,420,837</u>	<u>189,576,877</u>	<u>5,565,480</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	-	274,553	274,553	-
Deferred outflow related to pensions	1,102,739	281,006	1,383,745	109,215
Total Deferred Outflows of Resources	<u>1,102,739</u>	<u>555,559</u>	<u>1,658,298</u>	<u>109,215</u>
LIABILITIES				
Accounts payable and other current liabilities	2,497,991	2,403,373	4,901,364	651,139
Accrued interest payable	210,670	-	210,670	139,116
Community commitment	-	79,913	79,913	-
Deposits	483,004	9,537	492,541	88,827
Current liabilities payable from restricted assets				
Current portion of long-term debt	-	1,550,000	1,550,000	-
Accrued interest payable	-	368,479	368,479	-
Unearned revenue	197,252	646,412	843,664	143,684
Noncurrent liabilities:				
Accrued compensated absences	403,906	174,550	578,456	-
Deferred development fee payable	-	-	-	416,568
Due within one year	10,235,585	1,359,136	11,594,721	196,472
Due in more than one year	20,786,890	17,888,311	38,675,201	3,176,441
Total Liabilities	<u>34,815,298</u>	<u>24,479,711</u>	<u>59,295,009</u>	<u>4,812,247</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	7,745,548	-	7,745,548	-
Total Deferred Inflows of Resources	<u>7,745,548</u>	<u>-</u>	<u>7,745,548</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	34,800,233	64,657,010	99,457,243	1,352,818
Restricted for:				
Loan programs	1,502,880	-	1,502,880	-
Library	974,564	-	974,564	-
Debt Service	726,627	-	726,627	-
Equipment replacement	-	660,546	660,546	-
Revenue bond covenants	-	1,685,443	1,685,443	-
Pensions	995,624	254,230	1,249,854	107,027
Grant programs	-	-	-	516,172
Unrestricted (deficit)	<u>9,698,005</u>	<u>8,239,456</u>	<u>17,937,461</u>	<u>(1,113,569)</u>
TOTAL NET POSITION	<u>\$ 48,697,933</u>	<u>\$ 75,496,685</u>	<u>\$ 124,194,618</u>	<u>\$ 862,448</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

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	Totals	
Primary Government								
Governmental Activities								
General government	\$ 781,512	\$ 490,276	\$ 60,159	\$ -	\$ (231,077)	\$ -	\$ (231,077)	\$ -
Protection of persons and property	4,582,502	552,422	82,472	-	(3,947,608)	-	(3,947,608)	-
Public works	4,112,449	472,274	1,112,778	1,511,671	(1,015,726)	-	(1,015,726)	-
Leisure activities	3,163,971	671,506	304,730	-	(2,187,735)	-	(2,187,735)	-
Conservation and development	435,827	5,790	-	6,611	(423,426)	-	(423,426)	-
Public service enterprise	129,119	72,500	-	-	(56,619)	-	(56,619)	-
Interest	767,387	-	-	-	(767,387)	-	(767,387)	-
Total Governmental Activities	<u>13,972,767</u>	<u>2,264,768</u>	<u>1,560,139</u>	<u>1,518,282</u>	<u>(8,629,578)</u>	<u>-</u>	<u>(8,629,578)</u>	<u>-</u>
Business-type Activities								
Electric Utility	28,252,742	29,269,949	-	18,435	-	1,035,642	1,035,642	-
Water Utility	2,696,502	4,066,199	-	-	-	1,369,697	1,369,697	-
Wastewater Treatment	2,334,325	3,270,544	-	749,362	-	1,685,581	1,685,581	-
Other	795,288	899,706	6,213	-	-	110,631	110,631	-
Total Business-type Activities	<u>34,078,857</u>	<u>37,506,398</u>	<u>6,213</u>	<u>767,797</u>	<u>-</u>	<u>4,201,551</u>	<u>4,201,551</u>	<u>-</u>
Total Primary Government	<u>\$ 48,051,624</u>	<u>\$ 39,771,166</u>	<u>\$ 1,566,352</u>	<u>\$ 2,286,079</u>	<u>(8,629,578)</u>	<u>4,201,551</u>	<u>(4,428,027)</u>	<u>-</u>
Component Unit								
Hartford Community Development Authority	<u>\$ 2,679,342</u>	<u>\$ 1,190,049</u>	<u>\$ 1,279,663</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,630)</u>
General Revenues								
Taxes								
Property taxes levied for general purposes					3,888,142	-	3,888,142	-
Property taxes levied for debt service					2,359,000	-	2,359,000	-
Property taxes levied for all other purposes					1,279,166	-	1,279,166	-
Intergovernmental revenues not restricted to specific programs					870,530	-	870,530	-
Investment income					89,171	50,158	139,329	17,955
Other					891,177	55,129	946,306	-
Transfers					3,353,378	(3,353,378)	-	-
Total general revenues and transfers					<u>12,730,564</u>	<u>(3,248,091)</u>	<u>9,482,473</u>	<u>17,955</u>
Change in net position					4,100,986	953,460	5,054,446	(191,675)
NET POSITION - Beginning of Year (As Restated)					<u>44,596,947</u>	<u>74,543,225</u>	<u>119,140,172</u>	<u>1,054,123</u>
NET POSITION - END OF YEAR					<u>\$ 48,697,933</u>	<u>\$ 75,496,685</u>	<u>\$ 124,194,618</u>	<u>\$ 862,448</u>

CITY OF HARTFORD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General	Debt Service	Capital Project Fund Veterans Park Pool Project	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 9,653,505	\$ 1,994,381	\$ 3,594,198	\$ 3,352,498	\$ 18,594,582
Accounts receivable	155,763	186,774	-	100,375	442,912
Special assessments receivable					
Due after 2015	116,974	-	-	-	116,974
Accrued investment income receivable	5,677	-	4,009	2,494	12,180
Taxes receivable	1,857,471	1,163,163	-	820,289	3,840,923
Due from other funds	1,043	-	-	13,396	14,439
Due from other governments	-	-	-	312,511	312,511
Due from component unit	763,365	-	-	-	763,365
Inventories	10,836	-	-	-	10,836
Prepayments	198,888	-	-	36,799	235,687
Restricted assets					
Cash and investments	-	-	-	756,182	756,182
Accounts and notes receivable	-	-	-	746,665	746,665
Accrued investment income receivable	-	-	-	7	7
Prepayments	-	-	-	26	26
TOTAL ASSETS	\$ 12,763,522	\$ 3,344,318	\$ 3,598,207	\$ 6,141,242	\$ 25,847,289

CITY OF HARTFORD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project Fund Veterans Park Pool Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</i>					
Liabilities					
Accounts payable	\$ 174,019	\$ -	\$ 1,504,148	\$ 74,960	\$ 1,753,127
Accrued liabilities	-	-	-	16,239	16,239
Due to other governmental agencies	-	-	-	1,935	1,935
Due to other funds	13,396	-	-	1,043	14,439
Deposits	483,004	-	-	-	483,004
Accrued payroll	506,861	-	-	-	506,861
Total Liabilities	<u>1,177,280</u>	<u>-</u>	<u>1,504,148</u>	<u>94,177</u>	<u>2,775,605</u>
Deferred Inflows of Resources					
Unavailable revenues	20,120	-	-	-	20,120
Unearned revenues	3,733,682	2,407,021	-	1,604,845	7,745,548
Total Deferred Inflows of Resources	<u>3,753,802</u>	<u>2,407,021</u>	<u>-</u>	<u>1,604,845</u>	<u>7,765,668</u>
Fund Balances					
Nonspendable	209,724	-	-	36,799	246,523
Restricted	-	937,297	2,094,059	2,456,354	5,487,710
Committed	-	-	-	611,316	611,316
Assigned	69,000	-	-	1,359,588	1,428,588
Unassigned (deficit)	7,553,716	-	-	(21,837)	7,531,879
Total Fund Balances	<u>7,832,440</u>	<u>937,297</u>	<u>2,094,059</u>	<u>4,442,220</u>	<u>15,306,016</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 12,763,522</u>	<u>\$ 3,344,318</u>	<u>\$ 3,598,207</u>	<u>\$ 6,141,242</u>	

See accompanying notes to the financial statements.

CITY OF HARTFORD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General	Debt Service	Capital Project Fund Veterans Park Pool Project	Nonmajor Governmental Funds	Totals
Total fund balances from previous page	<u>\$ 7,832,440</u>	<u>\$ 937,297</u>	<u>\$ 2,094,059</u>	<u>\$ 4,442,220</u>	<u>\$ 15,306,016</u>
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. (See Note II)					60,012,395
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.					20,120
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.					995,624
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.					1,102,739
Internal service funds are reported in the statement of net position as governmental activities					2,898,090
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. (See Note II)					<u>(31,637,051)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES					<u>\$ 48,697,933</u>

CITY OF HARTFORD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	General	Debt Service	Capital Project Fund Veterans Park Pool Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,888,142	\$ 2,359,000	\$ -	\$ 1,279,166	\$ 7,526,308
Special assessments	86,885	-	-	44,650	131,535
Intergovernmental revenues	1,661,247	-	-	883,814	2,545,061
Licenses and permits	316,312	-	-	-	316,312
Fines, forfeitures and penalties	242,580	-	-	-	242,580
Public charges for services	763,409	-	-	572,352	1,335,761
Intergovernmental charges	347,923	-	-	-	347,923
Miscellaneous revenues	153,126	34,551	654,483	235,827	1,077,987
Total Revenues	<u>7,459,624</u>	<u>2,393,551</u>	<u>654,483</u>	<u>3,015,809</u>	<u>13,523,467</u>
EXPENDITURES					
Current					
General government	1,000,188	-	-	106,399	1,106,587
Public safety	4,165,591	-	-	-	4,165,591
Public works	2,347,174	-	-	256,374	2,603,548
Leisure activities	685,642	-	817,575	1,501,450	3,004,667
Conservation and development	136,903	-	-	256,792	393,695
Public service enterprise	114,537	-	-	-	114,537
Capital Outlay	440,918	-	5,266,449	781,166	6,488,533
Debt Service					
Principal, interest and fees	-	6,356,102	80,500	1,330	6,437,932
Total Expenditures	<u>8,890,953</u>	<u>6,356,102</u>	<u>6,164,524</u>	<u>2,903,511</u>	<u>24,315,090</u>
Excess (deficiency) of revenues over expenditures	<u>(1,431,329)</u>	<u>(3,962,551)</u>	<u>(5,510,041)</u>	<u>112,298</u>	<u>(10,791,623)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	2,475,000	7,000,000	-	9,475,000
Premium on long term debt issued	-	60,230	91,490	-	151,720
Transfers in	2,239,347	2,101,419	653,500	552,507	5,546,773
Transfers out	(795,224)	(6,618)	-	(1,238,405)	(2,040,247)
Total Other Financing Sources (Uses)	<u>1,444,123</u>	<u>4,630,031</u>	<u>7,744,990</u>	<u>(685,898)</u>	<u>13,133,246</u>
Net Change in Fund Balances	12,794	667,480	2,234,949	(573,600)	2,341,623
FUND BALANCES - Beginning of Year	<u>7,819,646</u>	<u>269,817</u>	<u>(140,890)</u>	<u>5,015,820</u>	<u>12,964,393</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,832,440</u>	<u>\$ 937,297</u>	<u>\$ 2,094,059</u>	<u>\$ 4,442,220</u>	<u>\$ 15,306,016</u>

See accompanying notes to the financial statements.

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CITY OF HARTFORD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$ 2,341,623
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	6,488,533
Some items reported as expenditures were capitalized	841,277
Depreciation is reported in the government-wide statements	(2,575,492)
Net book value of assets retired	(148,578)
State funded capital asset additions	1,380,136
<p>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.</p>	
Debt issued	(9,475,000)
Principal repaid	5,587,945
<p>Revenues are reported in the governmental funds when current financial resources are available, but are recognized when earned in the statement of activities.</p>	
	(183,228)
<p>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.</p>	
	113,223
<p>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.</p>	
Compensated absences	216,470
Other post employment benefits	(408,283)
Net pension asset	(628,610)
Deferred outflows related to pension	620,091
Accrued interest on debt	5,126
<p>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.</p>	
Premium on debt issued	(151,720)
Amortization of debt premium	77,473
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 4,100,986

CITY OF HARTFORD

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2015

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and investments	\$ 3,387,260	\$ 12,465	\$ 2,637,834	\$ 500,183	\$ 6,537,742	\$ 2,845,600
Accounts receivable	2,666,672	353,137	356,330	157,813	3,533,952	15,156
Accrued investment income receivable	3,925	1,886	3,875	419	10,105	2,522
Inventories	659,465	46,842	-	28,194	734,501	6,426
Prepaid expenses	45,686	113,944	25,053	5,233	189,916	27,035
Restricted assets - cash and investments	370,921	765,787	917,214	-	2,053,922	-
Total Current Assets	<u>7,133,929</u>	<u>1,294,061</u>	<u>3,940,306</u>	<u>691,842</u>	<u>13,060,138</u>	<u>2,896,739</u>
NON-CURRENT ASSETS						
Restricted Assets						
Cash and investments	722,885	1,571,520	841,008	-	3,135,413	-
Net Pension Asset	135,084	46,941	49,528	22,677	254,230	-
Capital Assets						
Land	121,402	44,148	60,270	340,291	566,111	-
Buildings	7,949,168	751,313	20,974,463	233,093	29,908,037	-
Improvements other than buildings	27,679,691	39,981,611	17,916,997	513,781	86,092,080	-
Machinery and equipment	2,941,816	1,851,672	1,559,659	773,809	7,126,956	338,416
Construction in progress	423,530	411,886	-	-	835,416	-
Other property	193,533	-	3,267,234	-	3,460,767	-
Less: Accumulated depreciation	(17,541,961)	(11,476,786)	(16,159,468)	(566,259)	(45,744,474)	(264,981)
Other Assets						
Investment in CVMIC	-	-	-	-	-	345,000
Special assessments - due upon development	-	211,590	434,822	-	646,412	-
Due from other funds	1,928,449	1,182	1,597	-	1,931,228	-
Other post employment benefit asset	-	-	79,751	-	79,751	-
Total Non-Current Assets	<u>24,553,597</u>	<u>33,395,077</u>	<u>29,025,861</u>	<u>1,317,392</u>	<u>88,291,927</u>	<u>418,435</u>
Total Assets	<u>31,687,526</u>	<u>34,689,138</u>	<u>32,966,167</u>	<u>2,009,234</u>	<u>101,352,065</u>	<u>3,315,174</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to pensions	149,702	51,645	53,900	25,759	281,006	-
Unamortized loss on refunding	181,420	93,133	-	-	274,553	-
Total Deferred Outflows of Resources	<u>331,122</u>	<u>144,778</u>	<u>53,900</u>	<u>25,759</u>	<u>555,559</u>	<u>-</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2015

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts payable	\$ 2,143,699	\$ 86,289	\$ 63,732	\$ 4,325	\$ 2,298,045	\$ 7,832
Accrued liabilities	54,237	25,219	20,607	5,265	105,328	212,000
Community commitment	79,913	-	-	-	79,913	-
Customer deposits	1,599	7,938	-	-	9,537	-
Current portion of general obligation debt	-	-	-	22,189	22,189	-
Unearned revenue	-	-	-	-	-	197,252
Liabilities payable from restricted assets						
Current portion of revenue bonds	510,660	1,039,340	1,336,947	-	2,886,947	-
Accrued interest payable	96,839	245,724	25,916	-	368,479	-
Total Current Liabilities	<u>2,886,947</u>	<u>1,404,510</u>	<u>1,447,202</u>	<u>31,779</u>	<u>5,770,438</u>	<u>417,084</u>
NON-CURRENT LIABILITIES						
Long-term debt	<u>4,372,126</u>	<u>10,095,503</u>	<u>2,921,176</u>	<u>39,362</u>	<u>17,428,167</u>	<u>-</u>
Compensated absences	<u>105,806</u>	<u>43,171</u>	<u>24,434</u>	<u>1,139</u>	<u>174,550</u>	<u>-</u>
Other post employment benefit obligation	<u>262,525</u>	<u>197,619</u>	<u>-</u>	<u>-</u>	<u>460,144</u>	<u>-</u>
Due to other funds	<u>2,779</u>	<u>1,928,449</u>	<u>-</u>	<u>-</u>	<u>1,931,228</u>	<u>-</u>
Unearned revenue	<u>-</u>	<u>211,590</u>	<u>434,822</u>	<u>-</u>	<u>646,412</u>	<u>-</u>
Total Liabilities	<u>7,630,183</u>	<u>13,880,842</u>	<u>4,827,634</u>	<u>72,280</u>	<u>26,410,939</u>	<u>417,084</u>
NET POSITION						
Net investment in capital assets	17,788,698	22,093,654	24,878,441	1,233,164	65,993,957	73,435
Restricted bond covenants	274,082	520,063	1,551,844	-	2,345,989	-
Restricted for pensions	135,084	46,941	49,528	22,677	254,230	-
Unrestricted (deficit)	<u>6,190,601</u>	<u>(1,707,584)</u>	<u>1,712,620</u>	<u>706,872</u>	<u>6,902,509</u>	<u>2,824,655</u>
TOTAL NET POSITION	\$ 24,388,465	\$ 20,953,074	\$ 28,192,433	\$ 1,962,713	\$ 75,496,685	\$ 2,898,090

See accompanying notes to the financial statements.

CITY OF HARTFORD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 29,054,931	\$ 4,053,616	\$ 3,270,544	\$ 658,581	\$ 37,037,672	\$ 3,244,587
Other operating income	215,018	12,583	-	241,125	468,726	-
Total Operating Revenues	<u>29,269,949</u>	<u>4,066,199</u>	<u>3,270,544</u>	<u>899,706</u>	<u>37,506,398</u>	<u>3,244,587</u>
OPERATING EXPENSES						
Operating and maintenance	26,829,660	1,377,071	1,475,535	700,110	30,382,376	2,954,437
Depreciation	1,183,049	781,122	687,261	68,943	2,720,375	34,904
Taxes	-	-	-	24,194	24,194	-
Total Operating Expenses	<u>28,012,709</u>	<u>2,158,193</u>	<u>2,162,796</u>	<u>793,247</u>	<u>33,126,945</u>	<u>2,989,341</u>
Operating income	<u>1,257,240</u>	<u>1,908,006</u>	<u>1,107,748</u>	<u>106,459</u>	<u>4,379,453</u>	<u>255,246</u>
NONOPERATING REVENUES (EXPENSES)						
Operating grants	-	-	-	6,213	6,213	-
Gain (loss) on disposals	17,415	-	-	-	17,415	-
Investment income	17,503	10,607	20,040	2,008	50,158	11,745
Interest expense	(204,019)	(515,116)	(171,529)	(2,041)	(892,705)	(620)
Amortization of loss on refunding	(36,014)	(23,193)	-	-	(59,207)	-
Amortization of debt premium	6,031	2,320	-	-	8,351	-
Income from merchandising	46,778	-	-	-	46,778	-
Total Nonoperating Revenues (Expenses)	<u>(152,306)</u>	<u>(525,382)</u>	<u>(151,489)</u>	<u>6,180</u>	<u>(822,997)</u>	<u>11,125</u>
Income before contributions and transfers	1,104,934	1,382,624	956,259	112,639	3,556,456	266,371
CAPITAL CONTRIBUTIONS						
Customers	1,020	-	-	-	1,020	-
Pike Lake Collection System	-	-	1,151	-	1,151	-
Reserve capacity assessment	-	-	748,211	-	748,211	-
TRANSFERS IN	272,480	-	-	34,775	307,255	-
TRANSFERS OUT	<u>(834,362)</u>	<u>(1,071,392)</u>	<u>(1,605,597)</u>	<u>(149,282)</u>	<u>(3,660,633)</u>	<u>(153,148)</u>
Change in Net Position	544,072	311,232	100,024	(1,868)	953,460	113,223
NET POSITION - Beginning of Year (As Restated)	<u>23,844,393</u>	<u>20,641,842</u>	<u>28,092,409</u>	<u>1,964,581</u>	<u>74,543,225</u>	<u>2,784,867</u>
NET POSITION - END OF YEAR	<u>\$ 24,388,465</u>	<u>\$ 20,953,074</u>	<u>\$ 28,192,433</u>	<u>\$ 1,962,713</u>	<u>\$ 75,496,685</u>	<u>\$ 2,898,090</u>

See accompanying notes to the financial statements.

CITY OF HARTFORD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Business Type Activities - Enterprise Funds				Totals	Governmental Activities-
	Electric Utility	Water Utility	Wastewater Treatment	Nonmajor Enterprise Funds		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 29,255,529	\$ 4,095,960	\$ 3,224,530	\$ 927,774	\$ 37,503,793	\$ 3,243,917
Paid to vendors for goods and services	(25,797,121)	(602,696)	(1,024,317)	(582,538)	(28,006,672)	(2,917,339)
Paid to employees for services	(927,002)	(521,702)	(479,996)	(138,575)	(2,067,275)	(63,823)
Net Cash Flows From Operating Activities	<u>2,531,406</u>	<u>2,971,562</u>	<u>1,720,217</u>	<u>206,661</u>	<u>7,429,846</u>	<u>262,755</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers in (out)	(561,882)	(1,071,392)	(1,605,597)	(114,507)	(3,353,378)	(153,148)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	16,821	9,071	19,305	1,845	47,042	10,831
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(761,741)	(440,568)	(279,302)	(52,989)	(1,534,600)	(36,527)
Contribution received for construction	1,020	-	749,362	-	750,382	-
Debt retired	(511,683)	(1,033,317)	(1,273,507)	(22,054)	(2,840,561)	-
Interest paid	(212,011)	(534,628)	(178,654)	(2,136)	(927,429)	(620)
Net Cash Flows From Capital and Related Financing Activities	<u>(1,484,415)</u>	<u>(2,008,513)</u>	<u>(982,101)</u>	<u>(77,179)</u>	<u>(4,552,208)</u>	<u>(37,147)</u>
Net Change in Cash and Cash Equivalents	501,930	(99,272)	(848,176)	16,820	(428,698)	83,291
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,979,136</u>	<u>2,449,044</u>	<u>5,244,232</u>	<u>483,363</u>	<u>12,155,775</u>	<u>2,762,309</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,481,066</u>	<u>\$ 2,349,772</u>	<u>\$ 4,396,056</u>	<u>\$ 500,183</u>	<u>\$ 11,727,077</u>	<u>\$ 2,845,600</u>
CASH AND CASH EQUIVALENTS - END OF YEAR						
Unrestricted	\$ 3,387,260	\$ 12,465	\$ 2,637,834	\$ 500,183	\$ 6,537,742	\$ 2,845,600
Restricted	1,093,806	2,337,307	1,758,222	-	5,189,335	-
	<u>\$ 4,481,066</u>	<u>\$ 2,349,772</u>	<u>\$ 4,396,056</u>	<u>\$ 500,183</u>	<u>\$ 11,727,077</u>	<u>\$ 2,845,600</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:						
Operating income	\$ 1,257,240	\$ 1,908,006	\$ 1,107,748	\$ 106,459	\$ 4,379,453	\$ 255,246
Adjustments to reconcile operating income to net cash flows from operating activities						
Non-operating income	46,778	-	-	6,213	52,991	-
Depreciation and amortization	1,183,049	781,122	687,262	68,943	2,720,376	34,904
Depreciation charged to other accounts	-	41,782	-	-	41,782	-
Change in assets and liabilities						
Customer accounts receivable	98,251	(10,838)	(22,038)	16,214	81,589	-
Other accounts receivable	-	-	(22,379)	5,641	(16,738)	(6,276)
Receivable from municipality	(159,449)	-	(1,597)	-	(161,046)	-
Deferred credits	-	-	-	-	-	5,606
Due from/to other funds	2,779	158,266	-	-	161,045	-
Inventory	167,357	16,437	(4,955)	3,980	182,819	2,494
Prepayments	15,316	6,058	-	2,633	24,007	49,084
Accounts payable	(70,113)	70,307	(12,494)	(2,235)	(14,535)	(75,303)
Accrued liabilities	(45,368)	-	-	135	(45,233)	(3,000)
OPEB	39,076	15,392	(4,137)	-	50,331	-
Other current liabilities	-	(18,125)	(9,220)	(667)	(28,012)	-
Accrued sick leave	(3,347)	2,836	1,100	-	589	-
Pension related deferrals and liabilities	(163)	319	927	(655)	428	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 2,531,406</u>	<u>\$ 2,971,562</u>	<u>\$ 1,720,217</u>	<u>\$ 206,661</u>	<u>\$ 7,429,846</u>	<u>\$ 262,755</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HARTFORD

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2015

	<u>Agency Fund</u> Tax Collection Fund
ASSETS	
Cash and investments	\$ 7,466,284
Taxes receivable	<u>7,544,964</u>
Total Assets	<u>\$ 15,011,248</u>
LIABILITIES	
Due to other governmental agencies	<u>\$ 15,011,248</u>

See accompanying notes to the financial statements.

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CITY OF HARTFORD

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CITY OF HARTFORD

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CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Hartford, Wisconsin (the "City") conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City of Hartford. 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 two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any 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 Unit

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. *REPORTING ENTITY* (continued)

Discretely Presented Component Unit

Hartford Community Development Authority

The government-wide financial statements include the Hartford Community Development Authority ("Authority") as a component unit. The Authority is a legally separate organization. The board of the Authority is appointed by the City Common Council. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the Authority, and also create a potential financial benefit to or burden on the City. As a component unit, the Authority'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, 2015. Separately issued financial statements of the Hartford Community Development Authority may be obtained from the Authority's office at 109 N. Main Street, Hartford, WI 53027.

B. *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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 is 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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

Financial statements of 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 expenditure/expenses.

Funds are organized as major funds or non-major 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 fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

The City reports the following major governmental funds:

General Fund – accounts for the City’s primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

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

The City reports the following major enterprise funds:

Electric Utility – accounts for operations of the electric system.

Water Utility – accounts for operations of the water system.

Wastewater Treatment – accounts for operation of the sanitary sewer system.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The City reports the following non-major governmental and enterprise funds:

Non-Major Governmental Funds

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Development Loan Fund
- State Fund
- Library Fund
- TID #5 Fund
- Transportation Program Fund
- Recreation Center Fund
- Business Improvement District Fund

Capital Projects – 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 assets.

- Parks Fund
- Capital Improvements Fund
- Other Projects Fund
- City Hall Project Fund
- East Jackson Project Fund

Non-Major Enterprise Funds

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

- Airport Fund
- Emergency Squad Fund
- Cable Television Fund

In addition, the City reports the following fund types:

Internal service funds are 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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Agency funds are used to account for and report assets held by the City in a trustee capacity for the City or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's electric, water and sewer utility 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.

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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

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 advances of meeting time requirements are recorded as deferred inflows.

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

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, 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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments

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

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

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. 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. The City was not in compliance with this provision at December 31, 2015.

Credit Risk

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

Concentration of Credit Risk

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

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

Interest Rate Risk

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average cash balances. The difference between the bank 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables

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

Property tax calendar – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

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 government-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.

The City has received federal and state grants funds for economic development and housing rehabilitation loan program 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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables (continued)

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

3. Inventories and Prepaid Items

Governmental fund inventories and supplies, if material, are recorded at cost based on the first-in, first-out (FIFO) method using the consumption method of accounting. Proprietary fund inventories are generally used for replacement parts. They are not for resale. They are valued at the lower of cost or market on a FIFO basis based on physical quantities on hand.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

Government–Wide Statements (continued)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method over the range of estimated useful lives by type of asset or is computed under that straight-line method using rates certified by the Public Service Commission for the Electric and Water utilities.

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.

6. Deferred Outflows of Resources

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

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Compensated Absences

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

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

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

An employee can accumulate sick leave up to a maximum of 736 hours for patrolmen and 720 hours for all others. These benefits vest at 100% upon retirement or in the event of death while employed by the City. At December 31, 2015, 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 vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

Effective January 1, 2015, the City replaced vacation and sick leave time with Paid Time Off (PTO), which will accumulate biweekly.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, 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 other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end for premiums/discounts 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, 2015, there were three series of Industrial Revenue Bonds outstanding. In 1995, the issuance of \$6.5 million of industrial revenue bonds was approved. Of this amount, \$4 million pertains to the City and \$2.5 million pertains to the Community Development Authority, a component unit of the City. 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 \$13.2 million for those obligations with outstanding balances at December 31, 2015.

9. Deferred Inflows of Resources

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Equity Classifications

Government–Wide Statements

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

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

When both restricted and unrestricted resources are available for use, it is the 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 expendable 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. 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 that originally created the commitment.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Equity Classifications (continued)

Fund Statements (continued)

- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered 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 exceeds amounts restricted, committed or assigned for those purposes.

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.

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

See Note IV. G, for further information.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE II – 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	\$ 60,085,827
Less Internal Service Fund Capital Assets	<u>(73,434)</u>
Adjustment for Capital Assets	<u>\$ 60,012,393</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	\$ 27,168,449
Compensated absences	403,906
Other post employment benefits	3,353,330
Accrued interest	210,670
Unamortized debt premium	<u>500,696</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 31,637,051</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budget Expenditures	Actual Expenditures	Excess Expenditure Over Budget
Debt Service Fund	\$ 3,826,810	\$ 6,356,102	\$ (2,529,292)
Special Revenue Funds			
State Fund	51,007	51,422	(415)
TID #5	3,980	4,083	(103)
Business Improvement District	75,880	95,807	(19,927)
Recreation Fund	703,556	768,925	(65,369)
Capital Projects Funds			
Capital Improvements Funds	57,000	243,096	(186,096)
Parks Fund	264,500	306,896	(42,396)
City Hall Project	-	200,729	(200,729)
Other Projects	232,123	246,728	(14,605)
Veterans Park Pool Replacement Fund	1,723,500	6,164,534	(4,441,034)
Emergency Squad Fund	459,550	519,762	(60,212)
Data Processing Fund	239,948	257,198	(17,250)

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

B. DEFICIT BALANCES

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

As of December 31, 2015, the following individual fund held a deficit balance:

Capital Project Fund - Other Projects	\$	20,793
Capital Project Fund - East Jackson Project		1,044

These deficits will be funded by future tax levy, long-term debt or donations.

C. LIMITATIONS ON THE CITY'S TAX LEVY

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Petty cash	\$ 980	\$ -	N/A
Demand deposits	3,442,555	3,485,092	Custodial
Certificates of deposit	7,000,000	7,026,405	Custodial
US agencies	10,840,734	10,840,734	Credit, custodial, concentration of credit and interest rate
LGIP	20,105,456	20,105,456	Credit
Total Cash and Investments	\$ 41,389,725	\$ 41,457,687	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 27,977,924		
Restricted cash and investments	5,945,517		
Per statement of assets and liabilities -			
Fiduciary Funds	7,466,284		
Total Cash and Investments	\$ 41,389,725		

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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

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

As of December 31, 2015, \$2,535,899 of the City's total deposit bank balances of \$10,511,497 were exposed to custodial credit risk as uninsured and uncollateralized.

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

The City had \$2,545,222 of investments subject to custodial credit risk as of December 31, 2015. 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 obligation.

As of December 31, 2015, the City's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's Investor Service
US agencies	AA+	Not Available	Aaa

The City also had investments in the LGIP which is an external pool that is not rated.

Concentration of Credit Risk

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

At December 31, 2015, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
FNMA	US Agency – Adjustable Rate Mortgages	11.4%

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

As of December 31, 2015, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Maturity (Years)</u>
US Agency - Adjustable Rate Mortgages	<u>\$ 10,840,734</u>	4.28

The City's investment policy requires that investment instruments not have maturities that exceed one year for the general and other operating funds and two years for all other funds at the time of purchase. As identified above certain investment instruments exceed the maturity limits of the policy.

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for special assessments of \$116,974 and notes receivable of \$746,665.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable 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 *deferred revenue* and *unearned revenue* reported in the governmental funds and internal service funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 7,745,548	\$ -
Special assessments	-	20,120
Health insurance premiums for 2015	197,252	-
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 7,942,800	 \$ 20,120
Unearned revenue included in liabilities	\$ 197,252	
Unearned revenue included in deferred inflows	7,745,548	
 Total Unearned Revenue for Governmental Funds	 \$ 7,942,800	

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 Electric Utility had \$79,913 in unearned revenue shown as a liability, related to public benefit revenue, and the Water Utility and Wastewater Utility had unearned revenue related to special assessments of \$211,590 and \$434,822, respectively.

C. RESTRICTED ASSETS

SPECIAL REVENUE FUND

Certain cash and investments, accounts and notes receivable totaling approximately \$1.5 million at December 31, 2015 are restricted through various grant agreements with granting agencies.

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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS (continued)

ENTERPRISE FUNDS

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:

Electric Utility		
Special Redemption Fund		
Interest and Principal Account	\$	352,169
Reserve Account		722,885
Depreciation		18,752
Water Utility		
Special Redemption Fund		
Interest and Principal Account		765,787
Reserve Account		1,571,520
Wastewater Treatment		
Equipment Replacement Fund		660,546
Special Redemption Fund		
Interest and Principal Account		917,214
Reserve Account		<u>180,462</u>
Total	\$	<u>5,189,335</u>

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 \$1,523,937 are restricted for various grant disbursements as established by regulations and agreements with the granting agencies and debt covenants. Restricted assets have also been reported in connection with the net pension asset balance in the amount of \$107,027 since this balance must be used to fund employee benefits.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS (continued)

Accounts and notes receivable at December 31, 2015 were comprised of the following:

	Special Revenue	Community Development Authority
Notes receivable - other	\$ 746,665	\$ 829,211
Total Accounts and Notes Receivable	\$ 746,665	\$ 829,211
Current	\$ 50,000	\$ 30,000
Noncurrent	696,665	799,211
Total Accounts and Notes Receivable	\$ 746,665	\$ 829,211

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

Community Development Authority notes receivable consist primarily of notes issued under the First Time Home Buyers Loan Program for \$103,200, certain rehabilitation notes of \$222,980, notes to not for profit agencies totaling \$328,031, and mortgage notes of \$175,000. The notes to the not for profit agencies were initially financed with borrowings incurred by the Authority.

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,755,690	\$ -	\$ -	\$ 3,755,690
Construction in progress	34,453	6,028,150	11,774	6,050,829
Total Capital Assets Not Being Depreciated	3,790,143	6,028,150	11,774	9,806,519
Capital assets being depreciated/amortized				
Buildings	25,375,123	254,322	-	25,629,445
Improvements	2,923,378	379,484	-	3,302,862
Machinery and equipment	11,112,783	642,004	486,096	11,268,691
Infrastructure	40,120,279	1,454,285	183,795	41,390,769
Intangibles	287,260	-	-	287,260
Total Capital Assets Being Depreciated/Amortized	79,818,823	2,730,095	669,891	81,879,027
Less: Accumulated depreciation/amortization for				
Buildings	(5,558,557)	(633,071)	-	(6,191,628)
Improvements	(1,217,272)	(137,450)	-	(1,354,722)
Machinery and equipment	(8,178,104)	(558,302)	400,450	(8,335,956)
Infrastructure	(14,515,133)	(1,209,758)	120,863	(15,604,028)
Intangibles	(41,570)	(71,815)	-	(113,385)
Total Accumulated Depreciation/Amortization	(29,510,636)	(2,610,396)	521,313	(31,599,719)
Capital Assets, Net of Depreciation/Amortization	50,308,187	119,699	148,578	50,279,308
Total Governmental Activities Capital Assets, Net of Depreciation/ Amortization	\$ 54,098,330	\$ 6,147,849	\$ 160,352	\$ 60,085,827

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 61,809
Protection of persons and property	380,470
Public works	1,507,996
Leisure activities	572,522
Conservation and development	46,512
Public service enterprise	6,183
Depreciation Expense-Allocated with Internal Service Fund	<u>34,904</u>

Total Governmental Activities Depreciation/ Amortization Expense	<u>\$ 2,610,396</u>
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CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 558,135	\$ 9,536	\$ 1,560	\$ 566,111
Construction in progress	1,596,999	835,416	1,596,998	835,417
Total Capital Assets Not Being Depreciated	<u>2,155,134</u>	<u>844,952</u>	<u>1,598,558</u>	<u>1,401,528</u>
Capital assets being depreciated				
Buildings	29,809,798	98,239	-	29,908,037
Improvements other than buildings	84,188,812	1,977,949	74,763	86,091,998
Machinery and equipment	6,876,302	250,736	-	7,127,038
Other property	3,460,766	-	-	3,460,766
Total Capital Assets Being Depreciated	<u>124,335,678</u>	<u>2,326,924</u>	<u>74,763</u>	<u>126,587,839</u>
Less: Accumulated depreciation for				
Buildings	(11,861,629)	(555,795)	-	(12,417,424)
Improvements other than buildings	(22,336,725)	(1,833,469)	54,546	(24,115,648)
Machinery and equipment	(7,515,772)	(322,784)	-	(7,838,556)
Other Property	(1,321,651)	(51,195)	-	(1,372,846)
Total Accumulated Depreciation	<u>(43,035,777)</u>	<u>(2,763,243)</u>	<u>54,546</u>	<u>(45,744,474)</u>
 Total Capital Assets, Net of Accumulated Depreciation	 <u>\$ 83,455,035</u>	 <u>\$ 1,727,867</u>	 <u>\$ 1,618,775</u>	 <u>\$ 82,244,893</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Electric	\$ 1,183,049
Water	781,122
Wastewater	687,261
Other Enterprise Funds	<u>68,943</u>
 Total Business-Type Activities Depreciation Expense	 <u>\$ 2,720,375</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
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
<u>Governmental Funds</u>		
Special Revenue - Business District	General Fund	\$ 13,396
General Fund	Capital Project Fund - East Jackson Project Fund	1,043
		\$ 14,439
General Fund	Component Unit - Community Development Authority	\$ 763,365
<u>Enterprise Funds</u>		
Electric Utility	Water Utility	\$ 1,928,449
Water Utility	Electric Utility	1,182
Wastewater Utility	Electric Utility	1,597
		\$ 1,931,228

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (continued)

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Enterprise Fund - Cable Television	\$ 133,100
	Enterprise Fund - Electric	616,825
	Enterprise Fund - Water	662,956
	Enterprise Fund - Wastewater	610,000
	Internal Service Fund - Data Processing Fund	29,546
	Internal Service Fund - Risk Management Fund	51,920
Special Revenue Funds		
Recreation Fund	General Fund	323,000
Development Loan Fund	General Fund	8
Library	Internal Service Fund - Data Processing Fund	5,000
Capital Projects Funds		
Parks	Enterprise Fund - Wastewater	209,500
Parks	Internal Service Fund - Risk Management Fund	15,000
Veterans Park Pool Project	General Fund	40,000
Veterans Park Pool Project	Enterprise Fund - Electric	200,000
Veterans Park Pool Project	Enterprise Fund - Water	150,000
Veterans Park Pool Project	Enterprise Fund - Wastewater	250,000
Veterans Park Pool Project	Enterprise Fund - Cable Television	13,500
Capital Improvements	General Fund	135,000
Debt Service Fund		
	General Fund	432,216
	Special Revenue Fund - T.I.D. #5	1,078,405
	Special Revenue Fund - Library	25,000
	Enterprise Fund - Electric	17,537
	Enterprise Fund - Water	8,436
	Enterprise Fund - Wastewater	536,097
	Enterprise Fund - Airport	469
	Enterprise Fund - Emergency Squad	1,795
	Enterprise Fund - Cable Television	418
	Internal Service Fund - Data Processing Fund	783
	Internal Service Fund - Risk Management Fund	174
	Internal Service Fund - Health Self - Insurance	88
Enterprise Fund - Airport	Debt Service Fund	6,618
Enterprise Fund - Electric	Enterprise Fund - Water	250,000
	Internal Service Fund - Risk Management Fund	22,480
Enterprise Fund - Emergency Squad	Internal Service Fund - Risk Management Fund	28,157
Subtotal - Fund Financial Statements		5,854,028
Less: Fund Eliminations		(2,340,884)
Less: Government Wide Eliminations		(159,766)
Total Transfers - Government Wide Statement of Activities		<u>\$ 3,353,378</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (continued)

Transfers from the Enterprise Funds represent mainly the payments in lieu of taxes.

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Long-term Debt	\$ 23,281,394	\$ 9,475,000	\$ 5,587,945	\$ 27,168,449	\$ 10,235,585
Add: Unamortized debt premium	<u>426,449</u>	<u>151,720</u>	<u>77,473</u>	<u>500,696</u>	<u>-</u>
Total Governmental Activities					
Bonds and Notes Payable	<u>23,707,843</u>	<u>9,626,720</u>	<u>5,665,418</u>	<u>27,669,145</u>	<u>10,235,585</u>
Other Liabilities					
Other postemployment obligation	2,945,047	688,129	279,846	3,353,330	-
Accrued compensated absences	<u>620,376</u>	<u>-</u>	<u>216,470</u>	<u>403,906</u>	<u>-</u>
Total Other Liabilities	<u>3,565,423</u>	<u>688,129</u>	<u>496,316</u>	<u>3,757,236</u>	<u>-</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 27,273,266</u>	<u>\$ 10,314,849</u>	<u>\$ 6,161,734</u>	<u>\$ 31,426,381</u>	<u>\$ 10,235,585</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
General Obligation Debt					
Bonds and Notes Payable	\$ 83,606	\$ -	\$ 22,055	\$ 61,551	\$ 22,189
Revenue Bonds	23,031,631	-	2,818,508	20,213,123	2,886,947
Unamortized debt premium	70,980	-	8,351	62,629	-
Sub-total	23,186,217	-	2,848,914	20,337,303	2,909,136
Accrued compensated absences	173,826	724	-	174,550	-
Other post employment obligation	330,062	99,178	48,847	380,393	-
Total Business-Type Activities					
Long-Term Liabilities	\$ 23,690,105	\$ 99,902	\$ 2,897,761	\$ 20,892,246	\$ 2,909,136

General Obligation Debt

The full faith credit and resources of the City have been irrevocably pledged to collateralize all of the general obligation notes and bonds. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service. Business-type activities revenue bond debt is payable by revenues from user fees of those funds. Business-type activities general obligation debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

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, 2015, was \$56,133,840. Total general obligation debt outstanding at year end was \$27,230,002.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – Detailed Notes on All Funds (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

<u>Type</u>	<u>Date of Loan</u>	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Original Amount</u>	<u>Balance 12/31/15</u>
General Obligation Bonds and Refunding Bonds	12/1/07	5.20-6.00	4/1/08-21	4/1/ & 10/1	\$ 1,150,000	\$ 650,000
	8/3/10	1.50-3.00	5/1/11-18	5/1 & 11/1	3,635,000	1,475,000
	6/26/12	1.50-3.50	5/1/14-32	5/1 & 11/1	4,975,000	4,875,000
	8/8/12	1.00-2.00	11/1/13-18	5/1 & 11/1	1,450,000	700,000
	10/1/2015	2.00-3.00	9/1/16-18	9/1 & 3/1	2,475,000	2,475,000
General Obligation Notes	8/3/10	1.50-3.20	8/1/11-20	2/1 & 8/1	3,580,000	1,555,000
	7/1/08	6.5	7/1/09-18	1/1 & 7/1	4,310,000	1,450,000
	6/26/12	1.50-2.25	5/1/13-22	5/1 & 11/1	3,070,000	2,225,000
	8/5/14	1.00-4.00	8/1/15-24	2/1 & 8/1	5,215,000	4,825,000
	10/1/15	2.25	10/1/15-16	7/1	7,000,000	7,000,000
						27,230,000
Less: Amounts relating to Proprietary Funds						(61,551)
						<u>\$ 27,168,449</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – Detailed Notes on All Funds (continued)

F. LONG-TERM OBLIGATIONS (continued)

Business-Type Activities Debt

Type	Date of Loan	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/15
General Obligation Bonds and Notes						
Airport	9/1/00	4.75-5.25 %	9/1/01-10	3/1 & 9/1	\$ 17,237	\$ 7,418
	8/3/10	1.50-3.00	5/1/11-18	5/1 & 11/1	105,000	36,711
	8/8/12	1.00-2.00	1/1/13-18	5/1 & 11/1	36,090	17,422
Revenue Bonds						
Water and Electric						
Utility	7/15/05	3.00-5.00	7/1/06-20	1/1 & 7/1	6,380,000	5,230,000
	6/15/09	2.00-5.00	7/1/10-26	1/1 & 7/1	13,750,000	8,200,000
	10/12/11	2.00-3.50	7/1/13-23	1/1 & 7/1	3,175,000	2,525,000
Wastewater						
Treatment	5/18/98	2.64	5/1/00-18	5/1 & 11/1	11,414,700	2,208,123
	4/1/02	3.00-5.00	5/1/03-22	5/1 & 11/1	3,300,000	1,500,000
	5/1/05	3.25-4.125	5/1/06-15	5/1 & 11/1	3,620,000	<u>550,000</u>
						<u>\$ 20,274,674</u>

Debt service requirements to maturity are as follows:

	Governmental Activities Long-Term Debt		Business-Type Activities Long-Term Debt	
	Principal	Interest	Principal	Interest
2016	\$ 10,235,585	\$ 690,671	\$ 2,909,136	\$ 819,272
2017	3,054,396	490,552	2,618,705	721,380
2018	2,683,468	406,951	2,626,833	629,252
2019	1,100,000	328,116	1,915,000	542,500
2020	1,305,000	295,491	1,950,000	466,175
2021-2025	6,265,000	972,669	7,255,000	1,137,775
2026-2030	1,825,000	281,313	1,000,000	50,000
2031-2032	700,000	24,500	-	-
Totals	<u>\$ 27,168,449</u>	<u>\$ 3,490,263</u>	<u>\$ 20,274,674</u>	<u>\$ 4,366,354</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – Detailed Notes on All Funds (continued)

F. LONG-TERM OBLIGATIONS (continued)

Revenue Debt

The City has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 1998 through 2011. Proceeds from the bonds provided financing for the City’s Electric, Water and Sewer Systems, including the refunding of outstanding debt. The bonds are payable solely from revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 24% for electric, 49% for water and 39% for sewer of net revenues. The total principal and interest remaining to be paid on the bonds is \$24,576,239. Principal and interest paid for the current year and total net customer revenues were \$3,735,513 and \$6,972,576, respectively.

Current Refunding

On October 1, 2015, the City issued \$2,475,000 of general obligation bonds with an average coupon rate of 2.18% to refund \$2,470,000 of outstanding bonds with an average coupon rate of 3.94%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,670,000 from 2016 through 2018. The cash flow requirements on the general obligation refunding bonds are \$2,573,396 from 2016 through 2018. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$91,358.

Component Unit Long-Term Debt - Community Development Authority

Type	Date of Loan	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance 12/31/15
Redevelopment Revenue Bonds	09/01/07	4.50	Semi-Annually	4/1 & 10/1	\$ 825,000	\$ 328,031
City of Hartford First National Bank Note	06/10/13	3.40	Annually	Annually	759,930	<u>585,607</u>
						<u>\$ 913,638</u>

Year	Principal	Interest
2016	\$ 70,943	\$ 44,783
2017	73,119	40,590
2018	75,644	36,288
2019	78,257	31,817
2020	80,932	27,200
2021-2025	415,533	69,351
2026-2027	<u>119,210</u>	<u>6,780</u>
	<u>\$ 913,638</u>	<u>\$ 256,809</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Component Unit Long-Term Debt - Community Development Authority– Washington Heights Investors in Community Housing, LLC

	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Balance 12/31/2015</u>
Mortgage Note	4.43%	Monthly to 2019	\$ <u>1,743,326</u>

See Note IV. H. for additional information.

<u>Year</u>	<u>Principal</u>
2016	\$ 125,529
2017	130,969
2018	136,645
2019	<u>1,350,183</u>
	<u>\$ 1,743,326</u>

Other Debt Information

Estimated payments of compensated absences and unfunded retirement liabilities are not included in the debt service requirement schedules. The compensated absences and unfunded retirement liabilities are attributable to governmental activities will be liquidated primarily by the General Fund.

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

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION / FUND BALANCES

Net position (liabilities) reported on the government wide Statement of Net Position on December 31, 2015 includes the following:

	Governmental Activities	Business - Type Activities
Net investment in capital assets		
Land	\$ 3,755,690	\$ 566,111
Construction in progress	6,050,829	835,417
Other capital assets, net of accumulated depreciation	50,279,308	80,843,365
Less: unamortized debt premium	(500,696)	(62,629)
Less: related long-term debt outstanding (net of unspent proceeds of debt)	(24,784,898)	(17,799,807)
Add: unamortized loss on refunding	-	274,553
Total net investment in capital assets	<u>34,800,233</u>	<u>64,657,010</u>
Restricted for loan programs	1,502,880	-
Restricted for library	974,564	-
Restricted for debt service	726,627	-
Restricted for equipment replacement	-	660,546
Restricted under revenue bond debt covenants	-	1,685,443
Restricted for pensions	995,624	254,230
Unrestricted	<u>9,698,005</u>	<u>8,239,456</u>
Total Governmental Activities Net Assets	<u>\$ 48,697,933</u>	<u>\$ 75,496,685</u>

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

Nonspendable	
Major Funds	
General Fund	
Prepaid items	\$ 198,888
Inventories	10,836
Total General Fund	<u>\$ 209,724</u>
Nonmajor Funds	
Special Revenue Funds	
Library Fund - Prepaid items	\$ 21,090
Transportation Program Fund - Prepaid items	7,959
Recreation Center Fund - Prepaid items	7,750
Total Special Revenue Funds	<u>\$ 36,799</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION / FUND BALANCES (continued)

Governmental Fund Balances (continued)

Restricted	
Major Funds	
Debt Service Fund	
Debt Service	<u>\$ 937,297</u>
Capital Projects Funds	
Veterans Park Pool Project	<u>\$ 2,094,059</u>
Nonmajor Funds	
Special Revenue Funds	
State Fund - Loan programs	\$ 1,502,880
Library	<u>953,474</u>
Total Special Revenue Funds	<u>\$ 2,456,354</u>
Committed	
Non-Major Funds	
Special Revenue Funds	
Transportation Program	\$ 99,182
Recreation Center	502,668
Business Improvement District	<u>9,466</u>
Total Special Revenue Funds	<u>\$ 611,316</u>
Assigned	
Major Funds	
General Fund - Subsequent year's budget appropriations	<u>\$ 69,000</u>
Non-Major Funds	
Capital Projects Funds	
Parks Fund	\$ 795,259
Capital Improvements Fund	259,003
City Hall Project Fund	<u>305,326</u>
Total Capital Projects Funds	<u>\$ 1,359,588</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION / FUND BALANCES (continued)

Governmental Fund Balances (continued)

Unassigned (deficit)	
Major Funds	
General Fund	\$ <u>7,553,715</u>
Non-Major Funds	
Capital Project Funds	
East Jackson Fund	\$ (1,044)
Other Projects Fund	<u>(20,793)</u>
Total Capital Project Funds	\$ <u>(21,837)</u>

H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of the restatement are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Net Position – December 31, 2014 (as reported)	\$ 42,490,065	\$ 74,007,561	\$ 23,559,770	\$ 20,542,937	\$ 27,988,054
Add: Net pension asset	1,624,234	414,743	220,372	76,578	80,798
Add: Deferred outflows related to pensions	<u>482,648</u>	<u>120,921</u>	<u>64,251</u>	<u>22,327</u>	<u>23,557</u>
Net Position – December 31, 2014 (as restated)	\$ <u>44,596,947</u>	\$ <u>74,543,225</u>	\$ <u>23,844,393</u>	\$ <u>20,641,842</u>	\$ <u>28,092,409</u>

	<u>Cable TV</u>	<u>Emergency Squad</u>
Net Position – December 31, 2014 (as reported)	\$ 285,249	\$ 544,437
Add: Net pension asset	11,107	25,888
Add: Deferred outflows related to pensions	<u>3,238</u>	<u>7,548</u>
Net Position – December 31, 2014 (as restated)	\$ <u>299,594</u>	\$ <u>577,873</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT

This report contains the Hartford Community Development Authority (Authority), which is included as a component unit. Washington Heights Investors in Community Housing, LLC (referred to Washington Heights, LLC) is a component unit of the Authority. See Note IV.I.9. for more information. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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

1. Basis of Accounting/Measurement Focus

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

2. Deposits and Investments

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

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

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

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 financial institutions as the City and consequently, the custodial credit risk pertaining specifically to the Authority's resources cannot be determined. The Authority's cash and investments at December 31, 2015 were comprised of the following:

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Demand deposits	\$ 467,688	\$ 211,865	Custodial credit risk
LGIP	<u>4,237</u>	<u>4,237</u>	Credit risk, Interest rate risk
Total Deposits and Investments	471,925	<u>\$ 216,102</u>	

Cash and Cash Equivalents of
Washington Heights, LLC a component
unit of the authority:

Unrestricted cash and investments	31,922
Restricted cash and investments	<u>181,725</u>
Total Cash and Investments	<u>\$ 685,572</u>

Reconciliation to financial statements
Per statement of net assets

Unrestricted cash and investments	\$ 12,033
Restricted cash and investments	<u>673,539</u>
Total Cash and Investments	<u>\$ 685,572</u>

3. Cash and Cash Equivalents

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

4. Washington Heights Lease Agreement

The Authority entered into a lease agreement with Washington Heights Investors in Community Housing, LLC for a 50 unit elderly housing facility. The monthly payments are equal to the collected revenues derived from the project. The term of the lease is for one year with an automatic renewal for 15 successive annual one-year terms through December 31, 2018, unless the Authority provides written notice 30 days prior to the expiration of any one year term. Total lease payments made for the period ended December 31, 2015 were \$487,581.

5. Capital Assets

A summary of changes in capital assets are as follows:

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/15
Capital assets not being depreciated				
Land	\$ 85,978	\$ -	\$ -	\$ 85,978
Capital assets being depreciated				
Buildings and improvements	\$ 1,480,482	\$ -	\$ -	\$ 1,480,482
Furniture and fixtures	181,176	-	-	181,176
Machinery and equipment	432,060	-	-	432,060
Total Capital Assets Being Depreciated	2,093,718	-	-	2,093,718
Less: Accumulated depreciation for:				
Buildings and improvements	1,154,657	16,965	-	1,171,622
Furniture and fixtures	90,617	18,699	-	109,316
Machinery and equipment	270,889	10,196	-	281,085
Total Accumulated Depreciation	1,516,163	45,860	-	1,562,023
Capital Assets, Net of Depreciation	\$ 577,555	\$ (45,860)	\$ -	\$ 531,695

In addition to the Authority's capital assets noted above, Washington Heights, LLC, had \$230,872 of land and \$3,008,206 of other capital assets (net of accumulated depreciation) as of December 31, 2015.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

6. Long-Term Obligations

Long-term obligations activity for the years ended December 31, 2015 is as follows:

	Balance 1/1/2015	Additions	Reductions	Balance 12/31/2015	Due Within One Year
General obligation debt	\$ 654,946	\$ -	\$ 69,339	\$ 585,607	\$ 70,943
Bonds and Notes Payable:					
Revenue bonds	461,980	-	133,949	328,031	-
Net OPEB obligation	<u>478,877</u>	<u>62,072</u>	<u>-</u>	<u>540,949</u>	<u>-</u>
 Total	 <u>\$ 1,595,803</u>	 <u>\$ 62,072</u>	 <u>\$ 203,288</u>	 <u>\$ 1,454,587</u>	 <u>\$ 70,943</u>

In addition to the Authority's long-term obligations noted above, Washington Heights, LLC, had \$1,918,326 of mortgage notes outstanding at December 31, 2015 of which \$125,529 is due within one year and \$175,000 that is due to the Authority.

See Note IV.F. for additional information.

7. Employee Retirement System

All eligible employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Summary of Significant Accounting Policies

Pension. For purposes of measuring the net pension 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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

7. Employee Retirement System (continued)

General Information About the Pension Plan

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

7. Employee Retirement System (continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$41,816 in contributions from the Authority.

Contribution rates as of December 31, 2015 are:

	Employee	Employer
General (including teachers	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

7. Employee Retirement System (continued)

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

At December 31, 2015, the Authority reported an asset of \$107,027 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 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, 2014, the Authority's proportion was .0552414%, which was a decrease of .000905110% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Authority recognized pension expense of \$40,370.

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 15,516
Changes in assumption	-
Net differences between project and actual earnings on pension plan	51,828
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,675
Employer contributions subsequent to the measurement date	40,196
Total	\$ 109,215

\$40,196 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources
2016	\$ 15.735
2017	15.735
2018	15.735
2019	15.735
2020	6.079
Thereafter	-

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

7. Employee Retirement System (continued)

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2013
Measurement date of net pension asset	December 31, 2014
Actuarial cost method	Entry Age
Asset valuation method	Fair Market Value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Salary increases	3.2%
Salary increases	0.2% - 5.8%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21.0%
International Equities	5.7	23.0
Fixed Income	1.7	36.0
Inflation Sensitive Assets	2.3	20.0
Real Estate	4.2	7.0
Private Equity/Debt	6.9	7.0
Multi-Asset	3.9	6.0
Cash	0.9	(20.0)

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

7. Employee Retirement System (continued)

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Authority proportionate share of the net position liability (asset)	\$ 301,942	\$ (107,027)	\$ (430,014)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at and reference report number 15-11.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

8. Net position

Net position (liabilities) reported on the Statement of Net position on December 31, 2015 includes the following:

Net investment in capital assets	
Land	\$ 316,850
Other capital assets, net of accumulated depreciation	3,539,901
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(2,503,933)</u>
Total Net Investment in Capital Assets	1,352,818
Restricted for grant programs	516,172
Restricted for pensions	107,027
Unrestricted	(459,924)
Washington Heights, LLC - Unrestricted	<u>(653,645)</u>
Total Net Position	<u>\$ 862,448</u>

9. Restatement of Net Position

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Hartford Community Development Authority	
Net Position – December 31, 2014 (as reported)	\$	837,707
Add: Net pension asset		174,600
Add: Deferred outflows related to pensions		<u>41,816</u>
Net Position – December 31, 2014 (as restated)	\$	<u>1,054,123</u>

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT (continued)

10. Joint Venture

In 2002 the Community Development Authority applied for and received tax credits related to a particular parcel of property. The Authority had to utilize a for-profit purchaser to obtain these credits. On April 11, 2003, the Authority, along with M&I Community Development Corporation (“M&I”), joined to form Washington Heights Investors in Community Housing, LLC. (“LLC”), a joint venture. The LLC was formed for the purpose of acquiring, developing, constructing, owning, leasing and operating a 50-unit elderly housing apartment complex. M&I purchased the tax credits referred to above for \$2.4 million. In order for the property to qualify for the property tax exemptions, the LLC in turn will lease the property to the Authority. At the point where the tax credits are fully depleted, the LLC is required to sell the property to the Authority. During 2003 the only activity that occurred in the LLC was the continuing construction of the apartment complex. Construction of the facility was complete in February 2004 at which time rental of the apartment facility began. The Authority’s share in the annual operation of the LLC is .1%. The Authority is the Managing Member and is responsible for directing, managing and controlling the business of the LLC. The equity interest, if any, is reported in the statement of net position. Any changes in the equity interest are reported on the statement of revenues, expenses and changes in net position. As of December 31, 2015, the amount of this equity interest is \$11,260.

11. Other Post Employment Benefits

The Community Development Authority implemented GASB statement No. 45 – *Accounting and Financing Reporting by Employees for Postemployment Benefits Other Than Pension* effective January 1, 2008. The Authority had a Net OPEB obligation as of December 31, 2015 of \$540,949 and an actuarial accrued liability of \$712,571.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Summary of Significant Accounting Policies

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

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

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

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

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

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>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$488,322 in contributions from the City.

Contribution rates as of December 31, 2015 are:

	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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

At December 31, 2015, the City reported an asset of \$1,249,854 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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 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, 2014, the City's proportion was .055241440%, which was a decrease of .000905110% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$614,137.

At December 31, 2015, 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>
Differences between expected and actual experience	\$ 181,190
Changes in assumption	-
Net differences between project and actual earnings on pension plan	605,239
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,557
Employer contributions subsequent to the measurement date	<u>577,759</u>
Total	<u>\$ 1,383,745</u>

\$577,759 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 198,219
2017	198,219
2018	198,219
2019	198,219
2020	13,110
Thereafter	-

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2013
Measurement date of net pension asset	December 31, 2014
Actuarial cost method	Entry Age
Asset valuation method	Fair Market Value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases	
Salary increases	3.2%
Salary increases	0.2% - 5.8%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21.0%
International Equities	5.7	23.0
Fixed Income	1.7	36.0
Inflation Sensitive Assets	2.3	20.0
Real Estate	4.2	7.0
Private Equity/Debt	6.9	7.0
Multi-Asset	3.9	6.0
Cash	0.9	(20.0)

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES’ RETIREMENT SYSTEM (continued)

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

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 7.20 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City proportionate share of the net position liability (asset)	\$ 3,526,053	\$ (1,249,854)	\$ (5,021,672)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at and reference report number 15-11.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participates in a public entity risk pool called Cities and Villages Mutual Insurance Company (“CVMIC”) 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. The City is self insured for the health care of its employees. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

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

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

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

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

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City’s share of such losses is approximately 0.96%, or \$175,000.

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.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

B. RISK MANAGEMENT (continued)

Public Entity Risk Pool (continued)

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

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

The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$345,000 in the Risk Management 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, 2015. At December 31, 2015, the City had \$0 in claim liabilities in the Risk Management Fund. Changes in the fund's claims loss liability for 2015 and 2014 were as follows:

	Beginning Balance	Incurred Claims / Estimate Changes	Claims Paid/ Settled	Ending Balance
2014	\$ 31,250	\$ 55,691	\$ 37,026	\$ 49,915
2015	49,915	29,030	78,945	-

At December 31, 2015, the Risk Management Fund's net position consisted of the following:

Unrestricted net position for 2013 through 2015 claims	\$ <u>598,410</u>
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CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

B. RISK MANAGEMENT (continued)

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 \$212,000 at December 31, 2015 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, 2015 and 2014 were as follows:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2014	\$ 183,000	\$ 1,487,276	\$ 1,455,276	\$ 215,000
2015	215,000	1,604,419	1,607,419	212,000

C. OTHER POSTEMPLOYMENT BENEFITS

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 an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

C. OTHER POSTEMPLOYMENT BENEFITS (continued)

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the Authority's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 742,895
Interest on net OPEB obligation	140,155
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	883,050
Contributions made	<u>(362,302)</u>
Increase in net OPEB obligation	520,748
Net OPEB Obligation - Beginning of Year	<u>3,753,986</u>
Net OPEB Obligation - End of Year	<u>\$ 4,274,734</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for current year and two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 769,605	37%	\$ 2,450,540
2014	721,976	32%	2,945,047
2015	883,050	21%	4,274,734

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

C. OTHER POSTEMPLOYMENT BENEFITS (continued)

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 6,885,467
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 6,885,467</u>
Funded ratio (actuarial value of plan assets/AAL)	4%
Covered payroll (active plan members)	6,743,792
UAAL as a percentage of covered payroll	102%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the City's actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions include a 6 percent investment rate of return and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements of .5 percent to an ultimate rate of 5.5 percent after 10 years. Both rates include an inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis. The amortization period at December 31, 2015, was 30 years.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

D. 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, 2015, less than 25 acres remain unsold.

E. MAJOR CUSTOMERS

The Proprietary Fund - Enterprise Funds derived 42.0% or approximately \$15.5 million of its 2015 revenue from two industrial customers, each of which are approximately 24.2% and 17.8%, respectively, of user charges.

F. PURCHASED POWER CONTRACT

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

The long-term contract requires all WPPI Energy members to pay for all power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI's Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent years' 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 the 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.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on 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 \$437 million as of December 31, 2015.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

G. 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 becomes party to claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

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

The City and the Hartford Community Development Authority participate in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. The audits of these programs for or including the year ended December 31, 2015 have not yet been conducted. Accordingly, the City's and Authority's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City and Authority expect such amounts, if any, to be immaterial.

The City has active construction projects as of December 31, 2015. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. As of December 31, 2015, the City had outstanding construction contracts totaling \$5,131,771 in relation to the Veterans Park Pool Replacement capital project.

CITY OF HARTFORD

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (continued)

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

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

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HARTFORD

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

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,901,998	\$ 3,901,998	\$ 3,888,142	(13,856)
Special assessments	138,650	138,650	86,885	(51,765)
Intergovernmental	1,674,091	1,674,091	1,661,247	(12,844)
Licenses and permits	202,585	202,585	316,312	113,727
Fines, forfeitures and penalties	265,225	265,225	242,580	(22,645)
Public charges for services	749,128	749,128	763,409	14,281
Interdepartmental revenues	346,571	346,571	347,923	1,352
Miscellaneous revenues	118,669	88,669	153,126	64,457
Total Revenues	<u>7,396,917</u>	<u>7,366,917</u>	<u>7,459,624</u>	<u>92,707</u>
EXPENDITURES				
Current				
General government	1,151,868	1,151,868	1,000,188	151,680
Public Safety	4,265,150	4,265,150	4,165,591	99,559
Public works	2,472,733	2,472,733	2,347,174	125,559
Leisure activities	718,263	718,263	685,642	32,621
Conservation and development	126,615	126,615	136,903	(10,288)
Public service enterprise	131,185	131,185	114,537	16,648
Capital Outlay	564,969	542,469	440,918	101,551
Total Expenditures	<u>9,430,783</u>	<u>9,408,283</u>	<u>8,890,953</u>	<u>517,330</u>
Excess of revenues over (under) expenditures	<u>(2,033,866)</u>	<u>(2,041,366)</u>	<u>(1,431,329)</u>	<u>610,037</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,381,083	2,381,083	2,239,347	(141,736)
Transfers out	(795,217)	(795,217)	(795,224)	(7)
Net Changes in Fund Balance	<u>\$ (448,000)</u>	<u>\$ (455,500)</u>	12,794	<u>\$ 468,294</u>
FUND BALANCE - Beginning of Year			<u>7,819,646</u>	
FUND BALANCE - END OF YEAR			<u>\$ 7,832,440</u>	

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

CITY OF HARTFORD

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS OF NET OPEB LIABILITY
 For the Year Ended December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Postemployment Health Care Plan						
01/01/09	\$ -	\$ 6,780,688	\$ 6,780,688	0%	\$ 6,915,724	98%
01/01/11	-	7,821,491	7,821,491	0%	6,640,944	118%
01/01/14	-	6,885,467	6,885,467	0%	6,743,792	102%

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

CITY OF HARTFORD

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015**

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.05524144%	\$ 1,249,857	\$ 6,146,412	20.33%	102.74%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015**

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 476,369	\$ (476,369)	\$ -	\$ 6,839,241	6.97%

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

CITY OF HARTFORD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and For the Year Ended December 31, 2015

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.

FUNDING PROGRESS DATA

The data presented in the Schedule of Funding Progress was taken from the reports issue by the actuary.

WISCONSIN RETIREMENT SYSTEM

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

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

See independent auditors' report.

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SUPPLEMENTARY INFORMATION

CITY OF HARTFORD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	Special Revenue Funds							Capital Project Funds					Total Nonmajor Funds
	Development Loan	State	Library Fund	T.I.D. #5	Transportation Program	Recreation Center	Business Improvement District	Parks	Capital Improvements	City Hall Project	East Jackson Project	Other Projects	
ASSETS													
Current Assets													
Cash and investments	\$ -	\$ -	\$ 1,192,034	\$ 338,983	\$ 73,771	\$ 532,635	\$ 8,141	\$ 799,599	\$ 25,534	\$ 305,061	\$ -	\$ 76,740	\$ 3,352,498
Taxes receivable	-	-	306,653	335,692	13,132	-	-	-	-	-	-	164,812	820,289
Accounts receivable	-	-	100,000	-	-	-	375	-	-	-	-	-	100,375
Due from other funds	-	-	-	-	-	-	13,396	-	-	-	-	-	13,396
Due from other governmental agencies	-	-	-	-	41,189	-	-	24,950	246,372	-	-	-	312,511
Accrued investment income receivable	-	-	848	96	70	462	-	704	49	265	-	-	2,494
Prepayments	-	-	21,090	-	7,959	7,750	-	-	-	-	-	-	36,799
Total Current Assets	-	-	1,620,625	674,771	136,121	540,847	21,912	825,253	271,955	305,326	-	241,552	4,638,362
Restricted Assets													
Cash and investments	-	756,182	-	-	-	-	-	-	-	-	-	-	756,182
Notes receivable	-	746,665	-	-	-	-	-	-	-	-	-	-	746,665
Accrued investment income receivable	-	7	-	-	-	-	-	-	-	-	-	-	7
Prepayments	-	26	-	-	-	-	-	-	-	-	-	-	26
Total Restricted Assets	-	1,502,880	-	-	-	-	-	-	-	-	-	-	1,502,880
TOTAL ASSETS	\$ -	\$ 1,502,880	\$ 1,620,625	\$ 674,771	\$ 136,121	\$ 540,847	\$ 21,912	\$ 825,253	\$ 271,955	\$ 305,326	\$ -	\$ 241,552	\$ 6,141,242
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES													
Liabilities													
Accounts payable	\$ -	\$ -	\$ 13,423	\$ -	\$ 648	\$ 30,429	\$ 12,446	\$ 5,044	\$ 12,952	\$ -	\$ -	\$ 18	\$ 74,960
Accrued liabilities	-	-	16,238	-	-	-	-	-	-	-	1	-	16,239
Due to other governmental agencies	-	-	-	-	1,935	-	-	-	-	-	-	-	1,935
Due to other funds	-	-	-	-	-	-	-	-	-	-	1,043	-	1,043
Total Liabilities	-	-	29,661	-	2,583	30,429	12,446	5,044	12,952	-	1,044	18	94,177
Deferred Inflows of Resources													
Unearned revenues	-	-	616,400	674,771	26,397	-	-	24,950	-	-	-	262,327	1,604,845
Total Deferred Inflows of Resources	-	-	616,400	674,771	26,397	-	-	24,950	-	-	-	262,327	1,604,845
Fund Balances (Deficits)													
Nonspendable	-	-	21,090	-	7,959	7,750	-	-	-	-	-	-	36,799
Restricted	-	1,502,880	953,474	-	-	-	-	-	-	-	-	-	2,456,354
Committed	-	-	-	-	99,182	502,668	9,466	-	-	-	-	-	611,316
Assigned	-	-	-	-	-	-	-	795,259	259,003	305,326	-	-	1,359,588
Unassigned (Deficits)	-	-	-	-	-	-	-	-	-	-	(1,044)	(20,793)	(21,837)
Total Fund Balances (Deficits)	-	1,502,880	974,564	-	107,141	510,418	9,466	795,259	259,003	305,326	(1,044)	(20,793)	4,442,220
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ -	\$ 1,502,880	\$ 1,620,625	\$ 674,771	\$ 136,121	\$ 540,847	\$ 21,912	\$ 825,253	\$ 271,955	\$ 305,326	\$ -	\$ 241,552	\$ 6,141,242

CITY OF HARTFORD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Special Revenue Funds						Capital Project Funds					Total Nonmajor Funds	
	Development Loan	State	Library Fund	T.I.D. #5	Transportation Program	Recreation Center	Business Improvement District	Parks	Capital Improvements	City Hall Project	East Jackson Project		Other Projects
REVENUES													
Taxes													
General property tax	\$ -	\$ -	\$ 606,500	\$ -	\$ 26,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,291
Increment	-	-	-	365,858	-	-	-	-	-	-	-	280,017	645,875
Special assessments	-	-	-	-	-	-	44,650	-	-	-	-	-	44,650
Intergovernmental													
Federal grants and aids	-	-	-	-	82,531	-	-	-	-	-	-	-	82,531
State grants and aids	-	-	3,131	6,611	55,110	-	-	-	429,600	-	-	5,232	499,684
County aids	-	-	301,599	-	-	-	-	-	-	-	-	-	301,599
Public charges for services													
Fees/fares	-	-	20,890	-	67,903	344,440	49,109	90,010	-	-	-	-	572,352
Miscellaneous revenues													
Investment income	2	1,290	5,505	2,754	362	2,323	4	3,578	822	2,766	-	828	20,234
Interest on loans	-	13,450	-	-	-	-	-	-	-	-	-	-	13,450
Other	-	-	111,903	-	18,540	27,889	-	10,500	-	33,311	-	-	202,143
Total Revenues	<u>2</u>	<u>14,740</u>	<u>1,049,528</u>	<u>375,223</u>	<u>251,237</u>	<u>374,652</u>	<u>93,763</u>	<u>104,088</u>	<u>430,422</u>	<u>36,077</u>	<u>-</u>	<u>286,077</u>	<u>3,015,809</u>
EXPENDITURES													
Current													
General government	44	2,009	-	4,083	-	-	95,807	-	-	4,456	-	-	106,399
Public works	-	49,412	-	-	206,962	-	-	-	-	-	-	-	256,374
Leisure activities	-	-	797,894	-	-	703,556	-	-	-	-	-	-	1,501,450
Conservation and development	-	-	-	-	-	-	-	26,974	-	-	-	229,818	256,792
Interest on advances	-	2	250	-	17	-	-	173	29	811	4	44	1,330
Capital Outlay	-	-	11,255	-	34,768	-	-	279,749	243,067	195,461	-	16,866	781,166
Total Expenditures	<u>44</u>	<u>51,423</u>	<u>809,399</u>	<u>4,083</u>	<u>241,747</u>	<u>703,556</u>	<u>95,807</u>	<u>306,896</u>	<u>243,096</u>	<u>200,728</u>	<u>4</u>	<u>246,728</u>	<u>2,903,511</u>
Excess (deficiency) of revenues over expenditures	(42)	(36,683)	240,129	371,140	9,490	(328,904)	(2,044)	(202,808)	187,326	(164,651)	(4)	39,349	112,298
OTHER FINANCING SOURCES (USES)													
Transfers in	7	-	5,000	-	-	323,000	-	224,500	-	-	-	-	552,507
Transfers out	-	-	(25,000)	(1,078,405)	-	-	-	-	(135,000)	-	-	-	(1,238,405)
Total Other Financing Sources (Uses)	<u>7</u>	<u>-</u>	<u>(20,000)</u>	<u>(1,078,405)</u>	<u>-</u>	<u>323,000</u>	<u>-</u>	<u>224,500</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685,898)</u>
Net change in fund balances	(35)	(36,683)	220,129	(707,265)	9,490	(5,904)	(2,044)	21,692	52,326	(164,651)	(4)	39,349	(573,600)
FUND BALANCES (DEFICITS) - Beginning of Year	35	1,539,563	754,435	707,265	97,651	516,322	11,510	773,567	206,677	469,977	(1,040)	(60,142)	5,015,820
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ -</u>	<u>\$ 1,502,880</u>	<u>\$ 974,564</u>	<u>\$ -</u>	<u>\$ 107,141</u>	<u>\$ 510,418</u>	<u>\$ 9,466</u>	<u>\$ 795,259</u>	<u>\$ 259,003</u>	<u>\$ 305,326</u>	<u>\$ (1,044)</u>	<u>\$ (20,793)</u>	<u>\$ 4,442,220</u>

CITY OF HARTFORD

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of December 31, 2015

	Airport	Emergency Squad	Cable Television	Total Nonmajor Enterprise Funds
ASSETS				
Current assets				
Cash and investments	\$ 26,178	\$ 193,371	\$ 280,634	\$ 500,183
Customer accounts receivable	-	152,947	-	152,947
Other accounts receivable	4,333	533	-	4,866
Accrued investment income receivable	28	177	214	419
Inventories	28,194	-	-	28,194
Prepaid expenses	879	2,616	1,738	5,233
Total Current Assets	<u>59,612</u>	<u>349,644</u>	<u>282,586</u>	<u>691,842</u>
Noncurrent Assets				
Restricted assets				
Net Pension Asset	-	15,869	6,808	22,677
Capital Assets				
Land	340,291	-	-	340,291
Buildings	226,293	6,800	-	233,093
Improvements other than buildings	513,781	-	-	513,781
Machinery and equipment	277,604	446,524	49,681	773,809
	1,357,969	453,324	49,681	1,860,974
Less: Accumulated depreciation	285,256	244,551	36,452	566,259
Net Property, Plant and Equipment	<u>1,072,713</u>	<u>208,773</u>	<u>13,229</u>	<u>1,294,715</u>
Total Noncurrent Assets	<u>1,072,713</u>	<u>224,642</u>	<u>20,037</u>	<u>1,317,392</u>
Total Assets	<u>1,132,325</u>	<u>574,286</u>	<u>302,623</u>	<u>2,009,234</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	-	18,199	7,560	25,759
LIABILITIES				
Current liabilities				
Accounts payable	1,216	2,971	138	4,325
Other accrued liabilities	325	-	4,940	5,265
Current portion of general obligation debt	22,189	-	-	22,189
Total Current Liabilities	<u>23,730</u>	<u>2,971</u>	<u>5,078</u>	<u>31,779</u>
General Obligation Long-Term Debt net of current maturities	39,362	-	-	39,362
Accrued compensated absences	-	-	1,139	1,139
Total Liabilities	<u>63,092</u>	<u>2,971</u>	<u>6,217</u>	<u>72,280</u>
NET POSITION				
Net investment in capital assets	1,011,162	208,773	13,229	1,233,164
Restricted	-	15,869	6,808	22,677
Unrestricted	58,071	364,872	283,929	706,872
TOTAL NET POSITION	<u>\$ 1,069,233</u>	<u>\$ 589,514</u>	<u>\$ 303,966</u>	<u>\$ 1,962,713</u>

CITY OF HARTFORD

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2015

	Airport	Emergency Squad	Cable Television	Totals
OPERATING REVENUES				
Charges for services	\$ -	\$ 446,461	\$ 212,120	\$ 658,581
Other revenue	189,594	51,515	16	241,125
Total Operating Revenues	<u>189,594</u>	<u>497,976</u>	<u>212,136</u>	<u>899,706</u>
OPERATING EXPENSES				
Operating and maintenance	182,564	464,244	53,302	700,110
Depreciation	27,332	35,632	5,979	68,943
Taxes	1,923	19,842	2,429	24,194
Total Operating Expenses	<u>211,819</u>	<u>519,718</u>	<u>61,710</u>	<u>793,247</u>
Operating Income (Loss)	<u>(22,225)</u>	<u>(21,742)</u>	<u>150,426</u>	<u>106,459</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental aid	-	6,213	-	6,213
Investment income	193	851	964	2,008
Interest expense	(1,998)	(43)	-	(2,041)
Total Non-Operating Revenue (Expenses)	<u>(1,805)</u>	<u>7,021</u>	<u>964</u>	<u>6,180</u>
Net Income (Loss) Before Transfers	<u>(24,030)</u>	<u>(14,721)</u>	<u>151,390</u>	<u>112,639</u>
TRANSFERS IN	6,618	28,157	-	34,775
TRANSFERS OUT	<u>(469)</u>	<u>(1,795)</u>	<u>(147,018)</u>	<u>(149,282)</u>
Change in net position	<u>(17,881)</u>	<u>11,641</u>	<u>4,372</u>	<u>(1,868)</u>
Net Position - Beginning of Year (As Restated)	<u>1,087,114</u>	<u>577,873</u>	<u>299,594</u>	<u>1,964,581</u>
NET POSITION - END OF YEAR	<u>\$ 1,069,233</u>	<u>\$ 589,514</u>	<u>\$ 303,966</u>	<u>\$ 1,962,713</u>

CITY OF HARTFORD

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2015

	Airport	Emergency Squad	Cable Television	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 195,768	\$ 519,870	\$ 212,136	\$ 927,774
Payments to vendors	(155,556)	(401,783)	(25,199)	(582,538)
Payments to employees	(25,545)	(81,764)	(31,266)	(138,575)
Net Cash Flows From Operating Activities	14,667	36,323	155,671	206,661
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in (out)	6,149	26,362	(147,018)	(114,507)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	178	777	890	1,845
Net Cash Flows From Investing Activities	178	777	890	1,845
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(22,054)	-	-	(22,054)
Interest paid	(2,093)	(43)	-	(2,136)
Acquisition and construction of capital assets	-	(52,989)	-	(52,989)
Net Cash Flows From Capital and Related Financing Activities	(24,147)	(53,032)	-	(77,179)
Change in cash and cash equivalents	(3,153)	10,430	9,543	16,820
CASH AND CASH EQUIVALENTS - Beginning of Year	29,331	182,941	271,091	483,363
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 26,178	\$ 193,371	\$ 280,634	\$ 500,183
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Income (loss) from operations	\$ (22,225)	\$ (21,742)	\$ 150,426	\$ 106,459
Adjustments to reconcile income (loss) to net cash flows from operating activities:				
Non-operating income	-	6,213	-	6,213
Depreciation	27,332	35,632	5,979	68,943
Change in assets and liabilities				
Customer accounts receivable	-	16,214	-	16,214
Other accounts receivable	6,174	(533)	-	5,641
Inventory	3,980	-	-	3,980
Prepayments	(83)	2,857	(141)	2,633
Accounts payable	(511)	(1,686)	(38)	(2,235)
Accrued liabilities	-	-	135	135
Other current liabilities	-	-	(667)	(667)
Pension related deferrals and liabilities	-	(632)	(23)	(655)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 14,667	\$ 36,323	\$ 155,671	\$ 206,661
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

CITY OF HARTFORD

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2015**

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 135,958	\$ 252,807	\$ 2,456,835	\$ 2,845,600
Accounts receivable	-	-	15,156	15,156
Accrued investment income receivable	122	146	2,254	2,522
Inventories	6,426	-	-	6,426
Prepaid expenses	24,688	590	1,757	27,035
Total Current Assets	<u>167,194</u>	<u>253,543</u>	<u>2,476,002</u>	<u>2,896,739</u>
Machinery and Equipment	338,416	-	-	338,416
Less: Accumulated depreciation	<u>(264,981)</u>	<u>-</u>	<u>-</u>	<u>(264,981)</u>
Net Property, Plant and Equipment	<u>73,435</u>	<u>-</u>	<u>-</u>	<u>73,435</u>
Other Assets - Investment with CVMIC	<u>-</u>	<u>345,000</u>	<u>-</u>	<u>345,000</u>
Total Assets	<u>240,629</u>	<u>598,543</u>	<u>2,476,002</u>	<u>3,315,174</u>
LIABILITIES				
Accounts payable	6,382	133	1,317	7,832
Accrued liabilities	-	-	212,000	212,000
Unearned revenue	<u>-</u>	<u>-</u>	<u>197,252</u>	<u>197,252</u>
Total Current Liabilities	<u>6,382</u>	<u>133</u>	<u>410,569</u>	<u>417,084</u>
NET POSITION				
Net investment in capital assets	73,435	-	-	73,435
Unrestricted	<u>160,812</u>	<u>598,410</u>	<u>2,065,433</u>	<u>2,824,655</u>
TOTAL NET POSITION	<u>\$ 234,247</u>	<u>\$ 598,410</u>	<u>\$ 2,065,433</u>	<u>\$ 2,898,090</u>

CITY OF HARTFORD

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2015

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
OPERATING REVENUES				
Charges for services	\$ 228,429	\$ 467,715	\$ 2,548,443	\$ 3,244,587
OPERATING EXPENSES				
Operating and maintenance	222,257	389,735	2,342,445	2,954,437
Depreciation	34,904	-	-	34,904
Total Operating Expenses	257,161	389,735	2,342,445	2,989,341
Operating Income (Loss)	(28,732)	77,980	205,998	255,246
NONOPERATING REVENUES (EXPENSES)				
Investment income	767	391	10,587	11,745
Interest expense	(37)	(39)	(544)	(620)
Total Nonoperating Revenues (Expenses)	730	352	10,043	11,125
(Loss) Income Before Transfers	(28,002)	78,332	216,041	266,371
TRANSFERS IN (OUT)	(35,329)	(117,731)	(88)	(153,148)
Change in net position	(63,331)	(39,399)	215,953	113,223
NET POSITION - Beginning of Year	297,578	637,809	1,849,480	2,784,867
NET POSITION - END OF YEAR	<u>\$ 234,247</u>	<u>\$ 598,410</u>	<u>\$ 2,065,433</u>	<u>\$ 2,898,090</u>

CITY OF HARTFORD

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015**

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 228,429	\$ 467,715	\$ 2,547,773	\$ 3,243,917
Payments to vendors	(186,331)	(370,059)	(2,360,949)	(2,917,339)
Payments to employees	(45,897)	(14,385)	(3,541)	(63,823)
Net Cash Flows From Operating Activities	(3,799)	83,271	183,283	262,755
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	770	394	9,667	10,831
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES				
Interest paid	(37)	(39)	(544)	(620)
Acquisition and construction of capital assets	(36,527)	-	-	(36,527)
Net Cash Flows From Capital and Financing Activities	(36,564)	(39)	(544)	(37,147)
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES				
Transfers (out) in	(35,329)	(117,731)	(88)	(153,148)
Net Cash Flows From Noncapital Financing Activities	(35,329)	(117,731)	(88)	(153,148)
Net change in cash and cash equivalents	(74,922)	(34,105)	192,318	83,291
CASH AND CASH EQUIVALENTS - Beginning of Year	210,880	286,912	2,264,517	2,762,309
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 135,958</u>	<u>\$ 252,807</u>	<u>\$ 2,456,835</u>	<u>\$ 2,845,600</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating (loss) income	\$ (28,732)	\$ 77,980	\$ 205,998	\$ 255,246
Adjustments to reconcile operating (loss) income to net cash flows from operating activities				
Depreciation	34,904	-	-	34,904
Change in assets and liabilities				
Accounts receivable	-	-	(6,276)	(6,276)
Deferred credits	-	-	5,606	5,606
Inventory	2,494	-	-	2,494
Prepayments	(9,204)	59,958	(1,670)	49,084
Accounts payable	(3,261)	(54,667)	(17,375)	(75,303)
Accrued liabilities	-	-	(3,000)	(3,000)
Due to other funds	-	-	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ (3,799)</u>	<u>\$ 83,271</u>	<u>\$ 183,283</u>	<u>\$ 262,755</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				