

City of Hartford

Financial Statements and
Supplementary Information

December 31, 2020

City of Hartford

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INDEPENDENT AUDITORS' REPORTS

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, 2020, and the related notes to the financial statements, which collectively comprise the City of Hartford's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Common Council
City of Hartford

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
August 16, 2021

City of Hartford, Wisconsin
Management Discussion and Analysis
As of and for the Year Ended December 31, 2020
(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, 2020. The discussion and analysis presents the highlights of financial activities and financial position for the City of Hartford (City). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Financial Highlights

- The total assets and deferred outflows of resources of the City exceeded its total liability and deferred inflows of resources at the close of the most recent fiscal year by \$143,222,934 (net position). Of this amount, \$19,652,962 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total governmental activities net position decreased by \$266,983.
- At the close of the 2020 fiscal year, the City's governmental funds reported combined ending fund balances of \$12,323,728, an increase of \$3,468,807 in comparison with the prior year.
- At the end of the 2020 fiscal year, unassigned fund balance for the General Fund was \$6,505,950 or 66.9% of the total general fund expenditures.
- As of December 31, 2020, the City of Hartford's total General Obligation debt outstanding was \$23,830,000. The city may not exceed 5% of the equalized value of taxable property within the City's jurisdiction and for 2020 the debt limit was \$74,728,660.

Overview of the Financial Statements

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

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

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

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

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2020 (Unaudited)

Both the government-wide financial statements distinguish functions of the City of Hartford that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Hartford include general government, protection of persons and property, public works, leisure activities, conservation and development and public service enterprises. Business-type activities of the City include the Electric, Water and Wastewater Utilities, Airport, Emergency Squad Fund and Cable Television Fund.

The government-wide financial statements include the City of Hartford and the following discretely presented component unit: The Community Development Authority. Financial information for this component unit is reported separately from the financial statements of the primary government. See Note 1, page 27, of the Notes to the Financial Statements for more information. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the City.

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

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

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

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

The City of Hartford maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Debt Service Fund, Veterans Park Pool project Capital Project fund and other projects Capital Projects Fund, all of which are considered to be major funds. Individual fund data for each of the remaining non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2020 (Unaudited)

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

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

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

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Hartford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Total assets of the fiduciary fund were \$25,340,654.

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 87 of this report.

Other information –The Required Supplementary Information (RSI) is presented on pages 90 – 94. 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 90 of this report. The City also reports additional RSI that is presented on pages 91 to 93. Notes to the RSI are presented on page 94. 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 95 through 102.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hartford, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$143,222,934 as of December 31, 2020.

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

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2020
(Unaudited)**

City of Hartford's Net Position

	Governmental	Governmental	Business-type	Business-type	Total	
	Activities 2020	Activities 2019	Activities 2020	Activities 2019	2020	2019
Assets						
Current and other Assets	\$ 29,404,732	\$ 24,335,083	\$ 24,962,114	\$ 22,599,870	\$ 54,366,846	\$ 46,934,953
Capital Assets	60,812,364	62,238,164	84,808,959	78,172,734	145,621,323	140,410,898
Total Assets	90,217,096	86,573,247	109,771,073	100,772,604	199,988,169	187,345,851
Deferred Outflows of Resources						
Unamortized loss on refunding	-	-	182,764	238,306	182,764	238,306
Deferred outflow related to pensions & OPEB	3,650,846	4,275,060	1,011,590	1,127,060	4,662,436	5,402,120
Total Deferred Outflows of Resources	3,650,846	4,275,060	1,194,354	1,365,366	4,845,200	5,640,426
Liabilities						
Noncurrent liabilities outstanding	31,286,680	28,420,699	7,577,201	10,140,195	38,863,881	38,560,894
Other liabilities	2,165,228	5,056,348	4,781,660	4,763,283	6,946,888	9,819,631
Total Liabilities	33,451,908	33,477,047	12,358,861	14,903,478	45,810,769	48,380,525
Deferred Inflows of Resources						
Unearned revenue	8,734,208	8,530,768	-	-	8,734,208	8,530,768
Deferred inflow related to pensions & OPEB	5,294,756	2,186,439	1,770,702	671,865	7,065,458	2,858,304
Total Deferred Inflows of Resources	14,028,964	10,717,207	1,770,702	671,865	15,799,666	11,389,072
Net Position:						
Net investment in capital assets	39,409,663	41,104,255	78,080,384	69,622,448	117,490,047	110,726,703
Restricted	4,125,602	3,026,214	1,954,323	1,542,682	6,079,925	4,568,896
Unrestricted	2,851,805	2,523,584	16,801,157	15,397,497	19,652,962	17,921,081
Total Net Position	\$ 46,387,070	\$ 46,654,053	\$ 96,835,864	\$ 86,562,627	\$ 143,222,934	\$ 133,216,680

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, \$19,652,962, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the 2020 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 \$10,006,254 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, 2020. These two main components are subtracted to yield the change in net position. The table utilizes the full accrual method of accounting. The table below demonstrates that governmental activities decreased by \$266,983 in 2020, and business-type activities increased the City's net position by \$10,273,237 that same year.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2020
(Unaudited)**

City of Hartford's Changes in Net Position

	Governmental	Governmental	Business-type	Business-type	Total	
	Activities 2020	Activities 2019	Activities 2020	Activities 2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,697,039	\$ 2,709,397	\$ 35,349,847	\$ 36,168,875	\$ 38,046,886	\$ 38,878,272
Operating Grants and Contributions	1,756,272	2,019,116	-	6,980	1,756,272	2,026,096
Capital Grants and Contributions	83,146	149,905	7,281,062	1,185,578	7,364,208	1,335,483
General revenues						
Property Tax	8,575,973	8,337,151	-	-	8,575,973	8,337,151
Grants and contributions						
not restricted to specific programs	862,336	874,806	-	-	862,336	874,806
Unrestricted investment earnings	273,274	420,526	273,379	349,908	546,653	770,434
Miscellaneous	308,428	542,007	127,569	130,797	435,997	672,804
Total Revenues and transfers	14,556,468	15,052,908	43,031,857	37,842,138	57,588,325	52,895,046
Expenses:						
General government	1,490,969	1,233,624	-	-	1,490,969	1,233,624
Protection of persons and property	5,676,836	5,486,313	-	-	5,676,836	5,486,313
Public works	4,789,944	4,514,697	-	-	4,789,944	4,514,697
Leisure activities	3,174,348	2,856,296	-	-	3,174,348	2,856,296
Conservation and development	376,638	1,566,233	-	-	376,638	1,566,233
Public service enterprose	150,613	139,504	-	-	150,613	139,504
Interest	703,304	575,508	-	-	703,304	575,508
Electric	-	-	24,334,316	26,110,240	24,334,316	26,110,240
Water	-	-	3,084,643	2,966,223	3,084,643	2,966,223
Wastewater	-	-	2,524,028	2,595,991	2,524,028	2,595,991
Other	-	-	1,276,432	1,015,318	1,276,432	1,015,318
Total expenses	16,362,652	16,372,175	31,219,419	32,687,772	47,582,071	49,059,947
Increase (decrease) in net position before transfers	(1,806,184)	(1,319,267)	11,812,438	5,154,366	10,006,254	3,835,099
Transfers	1,539,201	1,187,877	(1,539,201)	(1,187,877)	-	-
Increase in net position	(266,983)	(131,390)	10,273,237	3,966,489	10,006,254	3,835,099
Net position – beginning	46,654,053	46,785,443	86,562,627	82,596,138	133,216,680	129,381,581
Net position – ending	\$ 46,387,070	\$ 46,654,053	\$ 96,835,864	\$ 86,562,627	\$ 143,222,934	\$ 133,216,680

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2020
(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 2020</u>	<u>Net (Expense) of Service 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net (Expense) of Service 2019</u>
General Government	\$ 1,490,969	\$ (659,735)	\$ 1,233,624	\$ (660,764)
Protection of persons and property	5,676,836	(4,854,973)	5,486,313	(4,597,468)
Public Works	4,789,944	(2,835,694)	4,514,697	(2,236,998)
Leisure activities	3,174,348	(2,342,565)	2,856,296	(1,795,022)
Construction and development	376,638	(357,386)	1,566,233	(1,554,569)
Public Service Enterprise	150,613	(72,538)	139,504	(73,429)
Interest	703,304	(703,304)	575,508	(575,508)
	<u>\$ 16,362,652</u>	<u>\$ (11,826,195)</u>	<u>\$ 16,372,175</u>	<u>\$ (11,493,758)</u>

Net cost of services is 72.3% of total cost of services in 2020. 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, 2020 were \$35,349,847. The Business-type activities increased the City of Hartford's net position by \$10,273,237.

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.

	2020			
	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Revenue, Contributions, and Transfers	\$ 26,691,783	\$ 4,455,858	\$ 4,564,508	\$ 35,712,149
Expenses and Transfers	<u>24,908,696</u>	<u>3,679,470</u>	<u>3,142,777</u>	<u>31,730,943</u>
Change in net position	<u>\$ 1,783,087</u>	<u>\$ 776,388</u>	<u>\$ 1,421,731</u>	<u>\$ 3,981,206</u>

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

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2020 (Unaudited)

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds – General Fund, Debt Service Fund, Veterans Park Pool Project Fund, and all Other Governmental Funds – reported combined ending fund balances of \$12,323,728, a increase of \$3,468,807 in comparison with the prior year. Of this total amount, \$2,888,729 constitutes unassigned fund balance. This unassigned fund balance includes positive fund balance of \$6.506 million, offset by approximately \$3.617 million of deficit fund balance related to the Capital Projects Other Projects funds. The unassigned fund balance is available for spending at the government's discretion, subject to cash flow availability and fund restrictions.

The General Fund is the chief operating fund of the City. During 2020, the General Fund balance increased by \$299,487. At the end of the year, the unassigned fund balance of the General Fund was \$6,505,950 while total fund balance was \$6,703,662. 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 66.9% of total general fund expenditures.

Fund balance in the Debt Service Fund increased by \$36,370 during 2020.

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 \$96,835,864. Total growth in net position for these funds was \$10,273,237.

General Fund Budgetary Highlights.

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

- The total original expenditure budget of \$10,074,820 was decreased to \$10,042,320 (a decrease of \$32,500).

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

The General Fund operations added \$299,487 more to the beginning of the year fund balance. The final amended budget anticipated a use of fund balance of \$86,909.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2020
(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, 2020, amounts to \$145.6 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 2020	Activities 2019	Activities 2020	Activities 2019	2020	2019
Land	\$ 4,865,328	\$ 4,865,328	\$ 1,601,150	\$ 734,274	\$ 6,466,478	\$ 5,599,602
Construction in progress	14,320	1,042,703	1,206,045	836,393	1,220,365	1,879,096
Land Improvements	4,596,435	3,315,961	91,990,428	84,015,490	96,586,863	87,331,451
Buildings	35,044,539	35,035,847	30,054,733	29,988,746	65,099,272	65,024,593
Machinery & Equipment	14,330,452	14,022,545	13,725,670	13,535,452	28,056,122	27,557,997
Other property	-	-	3,460,767	3,460,767	3,460,767	3,460,767
Infrastructure	46,709,848	45,745,435	-	-	46,709,848	45,745,435
Intangibles	287,260	287,260	-	-	287,260	287,260
Accumulated depreciation	(45,035,818)	(42,076,915)	(57,229,834)	(54,398,388)	(102,265,652)	(96,475,303)
	<u>\$ 60,812,364</u>	<u>\$ 62,238,164</u>	<u>\$ 84,808,959</u>	<u>\$ 78,172,734</u>	<u>\$ 145,621,323</u>	<u>\$ 140,410,898</u>

Additional information on the City's capital assets can be found in Note 4 on pages 46 through 48 of this report.

Long-term debt - As of December 31, 2020, the City of Hartford, Wisconsin had general obligation bonds and notes outstanding totaling \$23,830,000. The City of Hartford has business-type activities revenue bonds and notes payable totaling \$7,505,000.

In the current year, the City paid off \$2,280,000 in principal and \$663,694 in interest on outstanding governmental activities debt.

Business-Type Activities paid \$1,825,000 in principal and \$250,150 in interest on outstanding debt in the current year.

The total of principal on general obligation and revenue bond debt that will become due within one year is \$4,160,000.

City of Hartford

**Management Discussion and Analysis
As of and for the Year Ended December 31, 2020
(Unaudited)**

Capital Assets and Debt Administration (continued)

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

	Governmental	Governmental	Business-type	Business-type	Totals	
	<u>Activities 2020</u>	<u>Activities 2019</u>	<u>Activities 2020</u>	<u>Activities 2019</u>	<u>2020</u>	<u>2019</u>
General Obligations						
Bonds & Notes	\$ 23,830,000	\$ 21,410,000	\$ -	\$ -	\$ 23,830,000	\$ 21,410,000
Revenue Bonds	-	-	7,505,000	9,330,000	7,505,000	9,330,000
Total	23,830,000	21,410,000	7,505,000	9,330,000	31,335,000	30,740,000

Additional information about the City's long-term debt can be found in Note 4. on pages 51 through 54 of the financial statements.

City of Hartford

Management Discussion and Analysis As of and for the Year Ended December 31, 2020 (Unaudited)

Economic Factors and Next Year's Budgets and Rates

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

Other key economic factors are as follows:

- 1) A new TIF (TIF #12) was created which will allow for the development of industrial park land between the Dodge Industrial Park and the Western Industrial Park.

Requests for information

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

City of Hartford

 Statement of Net Position
 December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	
Assets and Deferred Outflows of Resources				
Assets				
Cash and investments	\$ 19,249,055	\$ 11,915,013	\$ 31,164,068	\$ 9,595
Receivables:				
Current	9,132,078	5,568,210	14,700,288	4,286
Noncurrent	163,873	608,391	772,264	-
Due from other governments	741,316	-	741,316	146,258
Internal balances, advances to/from	(3,097,623)	3,097,623	-	-
Inventory	17,644	826,017	843,661	-
Prepayments	283,474	156,833	440,307	58,045
Restricted assets:				
Cash and investments	846,626	2,380,885	3,227,511	929,585
Accounts, notes and leases receivable	417,847	-	417,847	369,843
Accrued investment income receivable	-	-	-	691
Prepayments and inventory	365	-	365	13,499
Net pension asset	1,305,077	409,142	1,714,219	104,727
Investment in CVMIC	345,000	-	345,000	-
Capital assets, net of depreciation/amortization	60,812,364	84,808,959	145,621,323	3,075,850
Total assets	90,217,096	109,771,073	199,988,169	4,712,379
Deferred Outflows Of Resources				
Unamortized loss on refunding	-	182,764	182,764	-
OPEB related items	505,413	100,254	605,667	145,248
Pension related items	3,145,433	911,336	4,056,769	245,209
Total deferred outflows of resources	3,650,846	1,194,354	4,845,200	390,457
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable and other current liabilities	1,148,166	2,089,113	3,237,279	213,922
Accrued interest payable	142,972	-	142,972	-
Community commitment	-	128,476	128,476	-
Deposits	687,494	1,096	688,590	95,884
Current liabilities payable from restricted assets:				
Current portion of long-term debt	-	1,830,000	1,830,000	-
Accrued interest payable	-	104,013	104,013	-
Unearned revenue	186,396	628,962	815,358	202,020
Noncurrent liabilities:				
Due within one year	2,609,307	-	2,609,307	188,698
Due in more than one year	28,677,573	7,577,201	36,254,774	2,616,531
Total liabilities	33,451,908	12,358,861	45,810,769	3,317,055
Deferred Inflows Of Resources				
Unearned revenue	8,734,208	-	8,734,208	-
OPEB related items	1,482,484	449,059	1,931,543	120,985
Pension related items	3,812,272	1,321,643	5,133,915	312,877
Total deferred inflows of resources	14,028,964	1,770,702	15,799,666	433,862
Net Position				
Net investment in capital assets	39,409,663	78,080,384	117,490,047	1,205,456
Restricted for:				
Loan programs	1,264,838	-	1,264,838	-
Pension	1,305,077	409,142	1,714,219	104,727
Library	1,555,687	-	1,555,687	-
Equipment replacement	-	630,182	630,182	-
Revenue bond covenants	-	914,999	914,999	-
Grant programs	-	-	-	114,922
Unrestricted (deficit)	2,851,805	16,801,157	19,652,962	(73,186)
Total net position	\$ 46,387,070	\$ 96,835,864	\$ 143,222,934	\$ 1,351,919

See notes to financial statements

City of Hartford

Statement of Activities
Year Ended December 31, 2020

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	\$ 1,490,969	\$ 771,075	\$ 60,159	\$ -	\$ (659,735)	\$ -	\$ (659,735)	\$ -
Protection of persons and property	5,676,836	700,870	120,993	-	(4,854,973)	-	(4,854,973)	-
Public works	4,789,944	594,442	1,276,662	83,146	(2,835,694)	-	(2,835,694)	-
Leisure activities	3,174,348	533,325	298,458	-	(2,342,565)	-	(2,342,565)	-
Conservation and development	376,638	19,252	-	-	(357,386)	-	(357,386)	-
Public service enterprise	150,613	78,075	-	-	(72,538)	-	(72,538)	-
Interest	703,304	-	-	-	(703,304)	-	(703,304)	-
Total governmental activities	16,362,652	2,697,039	1,756,272	83,146	(11,826,195)	-	(11,826,195)	-
Business-type activities								
Electric Utility	24,334,316	26,055,974	-	415,340	-	2,136,998	2,136,998	-
Water Utility	3,084,643	4,362,304	-	-	-	1,277,661	1,277,661	-
Wastewater Treatment	2,524,028	3,729,348	-	390,324	-	1,595,644	1,595,644	-
Airport	361,424	203,687	-	6,475,398	-	6,317,661	6,317,661	-
Other	915,008	998,534	-	-	-	83,526	83,526	-
Total business-type activities	31,219,419	35,349,847	-	7,281,062	-	11,411,490	11,411,490	-
Total primary government	\$ 47,582,071	\$ 38,046,886	\$ 1,756,272	\$ 7,364,208	(11,826,195)	11,411,490	(414,705)	-
Component Unit								
Hartford Community Development Authority	\$ 2,222,179	\$ 1,095,278	\$ 1,247,990	\$ -	-	-	-	121,089
General Revenues								
Taxes:								
Property taxes levied for general purposes					4,284,622	-	4,284,622	-
Property taxes levied for debt service					3,056,750	-	3,056,750	-
Property taxes levied for all other purposes					1,234,601	-	1,234,601	-
Intergovernmental revenues not restricted to specific programs					862,336	-	862,336	-
Investment income					273,274	273,379	546,653	4,261
Other					308,428	127,569	435,997	-
Transfers					1,539,201	(1,539,201)	-	-
Total general revenues and transfers					11,559,212	(1,138,253)	10,420,959	4,261
Change in net position					(266,983)	10,273,237	10,006,254	125,350
Net Position, Beginning					46,654,053	86,562,627	133,216,680	1,226,569
Net Position, Ending					\$ 46,387,070	\$ 96,835,864	\$ 143,222,934	\$ 1,351,919

See notes to financial statements

City of Hartford

Balance Sheet
 Governmental Funds
 December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project Fund Veterans Park Pool Project</u>	<u>Capital Project Fund Other Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Assets						
Cash and investments	\$ 7,404,043	\$ 231,231	\$ 108,069	\$ -	\$ 7,459,886	\$ 15,203,229
Accounts receivable	150,280	156,540	-	58,329	-	365,149
Special assessments receivable:						
Due after 2021	163,873	-	-	-	-	163,873
Accrued investment income receivable	4,533	-	58	478	4,047	9,116
Taxes receivable	4,406,924	3,000,000	-	586,399	723,221	8,716,544
Due from other funds	428,104	-	-	-	-	428,104
Due from other governments	525	-	-	663,801	76,990	741,316
Inventories	12,156	-	-	-	-	12,156
Prepayments	185,556	-	-	46	22,808	208,410
Restricted assets:						
Cash and investments	-	-	-	-	846,626	846,626
Accounts and notes receivable	-	-	-	-	417,847	417,847
Prepayments	-	-	-	-	365	365
Total assets	\$ 12,755,994	\$ 3,387,771	\$ 108,127	\$ 1,309,053	\$ 9,551,790	\$ 27,112,735

See notes to financial statements

City of Hartford

Balance Sheet
 Governmental Funds
 December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project Fund Veterans Park Pool Project</u>	<u>Capital Project Fund Other Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)						
Liabilities						
Accounts payable	\$ 337,552	\$ -	\$ 1,715	\$ 93,678	\$ 40,597	\$ 473,542
Accrued liabilities	-	-	-	623	21,367	21,990
Due to other governmental agencies	-	-	-	-	5,883	5,883
Due to other funds	-	-	-	317,184	-	317,184
Deposits	687,494	-	-	-	-	687,494
Accrued payroll	359,940	-	-	-	-	359,940
Advance from other funds	-	-	-	3,208,543	-	3,208,543
Total liabilities	<u>1,384,986</u>	<u>-</u>	<u>1,715</u>	<u>3,620,028</u>	<u>67,847</u>	<u>5,074,576</u>
Deferred Inflows of Resources						
Unavailable revenues	260,422	-	-	719,801	-	980,223
Unearned revenues	4,406,924	3,000,000	-	586,399	740,885	8,734,208
Total deferred inflows of resources	<u>4,667,346</u>	<u>3,000,000</u>	<u>-</u>	<u>1,306,200</u>	<u>740,885</u>	<u>9,714,431</u>
Fund Balances (Deficits)						
Nonspendable	197,712	-	-	46	22,808	220,566
Restricted	-	387,771	-	-	6,031,589	6,419,360
Committed	-	-	-	-	569,166	569,166
Assigned	-	-	106,412	-	2,119,495	2,225,907
Unassigned (deficit)	6,505,950	-	-	(3,617,221)	-	2,888,729
Total fund balances (deficits)	<u>6,703,662</u>	<u>387,771</u>	<u>106,412</u>	<u>(3,617,175)</u>	<u>8,743,058</u>	<u>\$ 12,323,728</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 12,755,994</u>	<u>\$ 3,387,771</u>	<u>\$ 108,127</u>	<u>\$ 1,309,053</u>	<u>\$ 9,551,790</u>	

See notes to financial statements

City of Hartford

Balance Sheet
 Governmental Funds
 December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project Fund Veterans Park Pool Project</u>	<u>Capital Project Fund Other Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Total Fund Balances (Deficits) From Previous Page	\$ 6,703,662	\$ 387,771	\$ 106,412	\$ (3,617,175)	\$ 8,743,058	\$ 12,323,728
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:						
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. (See Note 2)						60,746,415
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.						980,223
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.						1,305,077
Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.						3,145,433
Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.						505,413
Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.						(1,482,484)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.						(3,812,272)
Internal service funds are reported in the statement of net position as governmental activities						4,105,389
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. (See Note 2)						<u>(31,429,852)</u>
Net position of governmental activities						<u>\$ 46,387,070</u>

See notes to financial statements

City of Hartford

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2020

	General	Debt Service	Capital Project Fund Veterans Park Pool Project	Capital Project Fund Other Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,284,622	\$ 3,056,750	\$ -	\$ 501,569	\$ 733,032	\$ 8,575,973
Special assessments	49,559	-	-	18,539	64,607	132,705
Intergovernmental revenues	1,970,098	-	-	150,000	429,984	2,550,082
Licenses and permits	342,047	-	-	-	-	342,047
Fines, forfeitures and penalties	180,170	-	-	-	-	180,170
Public charges for services	1,096,472	-	-	-	346,260	1,442,732
Intergovernmental charges	385,773	-	-	-	-	385,773
Miscellaneous revenues	254,564	54,528	5,399	77,039	282,698	674,228
Total revenues	8,563,305	3,111,278	5,399	747,147	1,856,581	14,283,710
Expenditures						
Current						
General government	1,054,867	-	-	-	306,639	1,361,506
Public safety	5,224,166	-	-	-	-	5,224,166
Public works	2,471,559	-	-	-	223,881	2,695,440
Leisure activities	745,683	-	3	-	1,623,858	2,369,544
Conservation and development	69,601	-	-	254,794	17,627	342,022
Public service enterprise	150,613	-	-	-	-	150,613
Capital Outlay	11,448	-	-	930,751	1,347,481	2,289,680
Debt Service						
Principal, interest and fees	-	3,061,145	-	27,217	1,270	3,089,632
Total expenditures	9,727,937	3,061,145	3	1,212,762	3,520,756	17,522,603
Excess (deficiency) of revenues over expenditures	(1,164,632)	50,133	5,396	(465,615)	(1,664,175)	(3,238,893)
Other Financing Sources (uses)						
Proceeds from sale of capital assets	-	-	-	-	3,500	3,500
Proceeds from long-term debt	-	-	-	491,500	4,208,500	4,700,000
Premium on long-term debt	-	423,142	-	-	-	423,142
Transfers in	1,892,141	221,889	-	-	362,000	2,476,030
Transfers out	(428,022)	(367,654)	-	(74,296)	(25,000)	(894,972)
Total other financing sources (uses)	1,464,119	277,377	-	417,204	4,549,000	6,707,700
Net change in fund balances	299,487	327,510	5,396	(48,411)	2,884,825	3,468,807
Fund Balances (Deficits), Beginning	6,404,175	60,261	101,016	(3,568,764)	5,858,233	8,854,921
Fund Balances (Deficits), Ending	\$ 6,703,662	\$ 387,771	\$ 106,412	\$ (3,617,175)	\$ 8,743,058	\$ 12,323,728

See notes to financial statements

City of Hartford

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balances, Total Governmental Funds \$ 3,468,807

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,289,680
Some items reported as expenditures were capitalized	152,604
Some items reported as outlay were not capitalized	(701,251)
Depreciation is reported in the government-wide statements	(3,174,567)
Net book value of assets retired	(12,317)

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.

Debt issued	(4,700,000)
Principal repaid	2,280,000

Revenues are reported in the governmental funds when current financial resources are available, but are recognized when earned in the statement of activities.

289,310

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.

171,945

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(8,986)
Other post employment benefits obligation, Health	1,228,218
Other post employment benefits obligation, LRLIF	(205,901)
Net pension asset	2,704,820
Deferred outflows related to pension and other postemployment benefits	(624,214)
Deferred inflows related to pension and other postemployment benefits	(3,108,317)
Accrued interest on debt	(6,714)

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.

Premium on debt issued	(423,142)
Amortization of debt premium	113,042

Change in net position of governmental activities \$ (266,983)

City of Hartford

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds		
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and investments	\$ 4,181,443	\$ 2,145,267	\$ 4,991,681	\$ 219,775	\$ 376,847	\$ 11,915,013	\$ 4,045,826
Accounts receivable	4,521,723	397,881	331,460	4,409	305,169	5,560,642	39,012
Accrued investment income receivable	2,341	1,814	3,121	101	191	7,568	2,257
Inventories	763,217	46,511	-	16,289	-	826,017	5,488
Prepayments	40,396	84,685	17,253	719	13,780	156,833	75,064
Restricted assets, cash and investments	306,268	712,744	-	-	-	1,019,012	-
Total current assets	9,815,388	3,388,902	5,343,515	241,293	695,987	19,485,085	4,167,647
Noncurrent Assets							
Restricted assets:							
Cash and investments	359,849	371,842	630,182	-	-	1,361,873	-
Net pension asset	210,963	69,911	68,731	-	59,537	409,142	-
Capital assets:							
Land	54,023	210,629	61,952	1,207,167	67,379	1,601,150	-
Buildings	7,949,168	751,313	21,121,159	226,293	6,800	30,054,733	-
Improvements other than buildings	30,941,293	35,264,738	19,336,541	6,447,856	-	91,990,428	-
Machinery and equipment	2,558,368	7,766,351	2,588,661	277,604	534,686	13,725,670	401,505
Construction in progress	606,708	335,432	236,438	27,467	-	1,206,045	-
Other property	193,533	-	3,267,234	-	-	3,460,767	-
Less accumulated depreciation	(22,431,102)	(14,168,032)	(19,654,998)	(566,385)	(409,317)	(57,229,834)	(335,556)
Other assets:							
Investment in CVMIC	-	-	-	-	-	-	345,000
Special assessments, due upon development	-	215,782	392,609	-	-	608,391	-
Advance to other funds	1,058,543	-	2,150,000	-	-	3,208,543	-
Due from other funds	2,214,955	-	-	-	-	2,214,955	-
Total noncurrent assets	23,716,301	30,817,966	30,198,509	7,620,002	259,085	92,611,863	410,949
Total assets	33,531,689	34,206,868	35,542,024	7,861,295	955,072	112,096,948	4,578,596
Deferred Outflows of Resources							
Deferred outflow related to pension	472,120	158,440	159,166	-	121,610	911,336	-
Deferred outflow related to other postemployment benefits	33,997	16,755	40,177	-	9,325	100,254	-
Unamortized loss on refunding	74,104	108,660	-	-	-	182,764	-
Total deferred outflows of resources	\$ 580,221	\$ 283,855	\$ 199,343	\$ -	\$ 130,935	\$ 1,194,354	\$ -

See notes to financial statements

City of Hartford

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds		
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable	\$ 1,778,637	\$ 51,835	\$ 78,602	\$ 38,565	\$ 7,769	\$ 1,955,408	\$ 7,969
Accrued liabilities	70,450	28,708	27,305	-	7,242	133,705	278,842
Community commitment	128,476	-	-	-	-	128,476	-
Customer deposits	1,096	-	-	-	-	1,096	-
Unearned revenue	-	-	-	-	-	-	186,396
Liabilities payable from restricted assets:							
Current portion of revenue bonds	547,915	1,282,085	-	-	-	1,830,000	-
Accrued interest payable	32,311	71,702	-	-	-	104,013	-
Total current liabilities	<u>2,558,885</u>	<u>1,434,330</u>	<u>105,907</u>	<u>38,565</u>	<u>15,011</u>	<u>4,152,698</u>	<u>473,207</u>
Noncurrent Liabilities							
Long-term debt	1,677,221	4,135,809	-	-	-	5,813,030	-
Compensated absences	117,922	48,744	23,312	-	1,549	191,527	-
Net other postemployment benefits liability	79,474	28,860	28,860	-	21,753	158,947	-
Other post employment benefit obligation	921,046	214,381	278,270	-	-	1,413,697	-
Due to other funds	-	2,214,955	-	-	110,920	2,325,875	-
Unearned revenue	-	236,353	392,609	-	-	628,962	-
Total liabilities	<u>5,354,548</u>	<u>8,313,432</u>	<u>828,958</u>	<u>38,565</u>	<u>149,233</u>	<u>14,684,736</u>	<u>473,207</u>
Deferred Inflows of Resources							
Deferred inflow related to pension	688,392	227,665	219,898	-	185,688	1,321,643	-
Deferred inflow related to other postemployment benefits	267,583	89,803	88,313	-	3,360	449,059	-
Total deferred inflows of resources	<u>955,975</u>	<u>317,468</u>	<u>308,211</u>	<u>-</u>	<u>189,048</u>	<u>1,770,702</u>	<u>-</u>
Net Position							
Net investment in capital assets	18,080,808	25,223,039	26,956,987	7,620,002	199,548	78,080,384	65,949
Restricted for pension	210,963	69,911	68,731	-	59,537	409,142	-
Restricted bond covenants	273,957	641,042	-	-	-	914,999	-
Restricted for equipment replacement	-	-	630,182	-	-	630,182	-
Unrestricted (deficit)	9,235,659	(74,169)	6,948,298	202,728	488,641	16,801,157	4,039,440
Total net position	<u>\$ 27,801,387</u>	<u>\$ 25,859,823</u>	<u>\$ 34,604,198</u>	<u>\$ 7,822,730</u>	<u>\$ 747,726</u>	<u>\$ 96,835,864</u>	<u>\$ 4,105,389</u>

See notes to financial statements

City of Hartford

Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds		
Operating Revenues							
Charges for services	\$ 25,760,453	\$ 4,356,835	\$ 3,723,612	\$ 30,000	\$ 908,261	\$ 34,779,161	\$ 3,649,739
Other operating income	295,521	5,469	5,736	173,687	90,273	570,686	-
Total operating revenues	26,055,974	4,362,304	3,729,348	203,687	998,534	35,349,847	3,649,739
Operating Expenses							
Operating and maintenance	22,896,022	1,891,692	1,764,113	187,187	847,431	27,586,445	3,468,937
Depreciation	1,311,259	1,003,615	747,664	171,801	33,927	3,268,266	22,136
Taxes	29,432	2,285	12,251	2,436	32,796	79,200	-
Total operating expenses	24,236,713	2,897,592	2,524,028	361,424	914,154	30,933,911	3,491,073
Operating income (loss)	1,819,261	1,464,712	1,205,320	(157,737)	84,380	4,415,936	158,666
Nonoperating Revenues (expenses)							
Gain (loss) on disposals	16,010	-	-	-	-	16,010	-
Investment income	129,521	56,933	78,182	3,602	5,141	273,379	55,137
Interest expense	(71,963)	(157,149)	-	-	(854)	(229,966)	-
Amortization of loss on refunding	(25,640)	(29,902)	-	-	-	(55,542)	-
Amortization of debt premium	15,632	36,621	-	-	-	52,253	-
Income from merchandising	59,306	-	-	-	-	59,306	-
Total nonoperating revenues (expenses)	122,866	(93,497)	78,182	3,602	4,287	115,440	55,137
Income (loss) before contributions and transfers	1,942,127	1,371,215	1,283,502	(154,135)	88,667	4,531,376	213,803
Capital Contributions							
Customers	415,340	-	-	6,475,398	-	6,890,738	-
Pike Lake Collection System	-	-	638	-	-	638	-
Reserve capacity assessment	-	-	389,686	-	-	389,686	-
Transfers In	-	-	366,654	-	-	366,654	4,272
Transfers Out	(574,380)	(594,827)	(618,749)	(507)	(117,392)	(1,905,855)	(46,130)
Change in net position	1,783,087	776,388	1,421,731	6,320,756	(28,725)	10,273,237	171,945
Net Position, Beginning	26,018,300	25,083,435	33,182,467	1,501,974	776,451	86,562,627	3,933,444
Net Position, Ending	\$ 27,801,387	\$ 25,859,823	\$ 34,604,198	\$ 7,822,730	\$ 747,726	\$ 96,835,864	\$ 4,105,389

See notes to financial statements

City of Hartford

 Statement of Cash Flows
 Proprietary Funds
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Electric Utility	Water Utility	Wastewater Treatment	Airport	Nonmajor Enterprise Funds	Totals	
Cash Flows From Operating Activities							
Receipts from customers	\$ 26,912,128	\$ 4,480,730	\$ 3,817,667	\$ 210,694	\$ 907,541	\$ 36,328,760	\$ 3,619,255
Paid to vendors for goods and services	(21,693,385)	(1,594,850)	(1,294,503)	(102,722)	(483,547)	(25,169,007)	(3,366,276)
Paid to employees for services	(1,113,029)	(611,527)	(546,547)	(32,345)	(298,807)	(2,602,255)	(88,571)
Net cash flows from operating activities	4,105,714	2,274,353	1,976,617	75,627	125,187	8,557,498	164,408
Cash Flows From Noncapital Financing Activities							
Transfers in (out)	(574,380)	(594,827)	(252,095)	(507)	(117,392)	(1,539,201)	(41,858)
Cash flows from investing activities							
Investment income	131,304	60,060	80,202	3,813	5,410	280,789	58,128
Cash Flows From Capital and Related Financing Activities							
Acquisition and construction of capital assets	(1,112,360)	(551,798)	(1,084,816)	(734,513)	-	(3,483,487)	(42,187)
Contribution received for construction	-	-	390,324	642,907	-	1,033,231	-
Special assessments received	-	-	5,737	-	-	5,737	-
Cost of removal of property retired	(179,859)	-	-	-	-	(179,859)	-
Advance to other funds	(378,820)	-	-	-	-	(378,820)	-
Debt retired	(546,715)	(1,278,285)	-	-	-	(1,825,000)	-
Interest paid	(79,280)	(170,894)	-	-	(854)	(251,028)	-
Net cash flows from capital and related Financing activities	(2,297,034)	(2,000,977)	(688,755)	(91,606)	(854)	(5,079,226)	(42,187)
Net change in cash and cash equivalents	1,365,604	(261,391)	1,115,969	(12,673)	12,351	2,219,860	138,491
Cash and Cash Equivalents, Beginning	3,481,956	3,491,244	4,505,894	232,448	364,496	12,076,038	3,907,335
Cash and Cash Equivalents, Ending	\$ 4,847,560	\$ 3,229,853	\$ 5,621,863	\$ 219,775	\$ 376,847	\$ 14,295,898	\$ 4,045,826
Cash and Cash Equivalents, Ending							
Unrestricted	\$ 4,181,443	\$ 2,145,267	\$ 4,991,681	\$ 219,775	\$ 376,847	\$ 11,915,013	\$ 4,045,826
Restricted	666,117	1,084,586	630,182	-	-	2,380,885	-
	\$ 4,847,560	\$ 3,229,853	\$ 5,621,863	\$ 219,775	\$ 376,847	\$ 14,295,898	\$ 4,045,826
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities							
Operating income (loss)	\$ 1,819,261	\$ 1,464,712	\$ 1,205,320	\$ (157,737)	\$ 84,380	\$ 4,415,936	\$ 158,666
Adjustments to reconcile operating income (loss)							
to net cash flows from operating activities:							
Nonoperating income	59,306	-	-	-	-	59,306	-
Depreciation and amortization	1,311,259	1,003,615	747,664	171,801	33,927	3,268,266	22,136
Depreciation charged to other accounts	-	22,696	-	-	-	22,696	-
Change in assets and liabilities and deferred outflows/inflows:							
Customer accounts receivable	546,848	21,092	22,140	-	(90,994)	499,086	-
Other accounts receivable	-	-	(7,187)	7,007	-	(180)	(17,088)
Inventory	(24,403)	1,228	-	17,357	-	(5,818)	592
Prepayments	14,057	19,800	8,078	49	(2,988)	38,996	(28,712)
Accounts payable	9,324	(28,386)	(16,035)	37,150	(238)	1,815	(7,431)
Accrued liabilities	8,331	(2,524)	(115)	-	37	5,729	-
Due from (to) other funds	250,000	(250,000)	-	-	100,346	100,346	-
Other postemployment benefits	(117,474)	(93,583)	(48,680)	-	-	(259,737)	-
Deferred outflow of resources	-	28,338	(8,993)	-	-	19,345	-
Other current liabilities	16,342	13,264	3,410	-	(1,113)	31,903	49,641
Pension assets	212,863	(537)	(2,351)	-	1,830	211,805	-
Unearned revenue/deferred inflows	-	74,638	73,366	-	-	148,004	(13,396)
Net cash flows from operating activities	\$ 4,105,714	\$ 2,274,353	\$ 1,976,617	\$ 75,627	\$ 125,187	\$ 8,557,498	\$ 164,408
Noncash Capital and Related Financing Activities							
Amortization of loss on refunding	\$ (25,640)	\$ (29,902)	\$ -	\$ -	\$ -	\$ (55,542)	\$ -
Amortization of premium on long-term debt	\$ 15,632	\$ 36,621	\$ -	\$ -	\$ -	\$ 52,253	\$ -
Capital contributions	\$ 415,340	\$ -	\$ 390,324	\$ 6,475,398	\$ -	\$ 7,281,062	\$ -

See notes to financial statements

City of Hartford

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2020

	<u>Custodial Fund</u> <u>Tax</u> <u>Collection</u> <u>Fund</u>
Assets	
Cash and investments	\$ 11,018,437
Taxes receivable	<u>14,322,217</u>
Total assets	<u>25,340,654</u>
Liabilities	
Due to other governmental agencies	<u>25,340,654</u>
Total liabilities	<u>25,340,654</u>
Total net position	<u>\$ -</u>

See notes to financial statements

City of Hartford

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended December 31, 2020

	<u>Custodial Fund</u> <u>Tax</u> <u>Collection</u> <u>Fund</u>
Additions	
Tax collections	\$ 18,885,549
Deductions	
Payments to overlying districts	18,885,549
Change in net position	-
Net Position, Beginning	-
Net Position, Ending	<u>\$ -</u>

See notes to financial statements

City of Hartford

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December 31, 2020

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City of Hartford

Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Blended Component Units

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

Discretely Presented Component Unit

Hartford Community Development Authority

The government-wide financial statements include the Hartford Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the City Common Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the CDA, and also create a potential financial benefit to or burden on the City. See Note 4. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2020. Separately issued financial statements of the Hartford Community Development Authority may be obtained from the CDA's office.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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

Governmental Funds

The City reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Funds

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

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

Enterprise Funds

The City reports the following major enterprise funds:

Water Utility accounts for operations of the water system.

Wastewater Utility accounts for operations of the sanitary sewer system.

Electric Utility accounts for operations of the electric system

Airport Fund accounts for operations of the city airport.

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

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

State Fund
Library Fund
Transportation Program Fund
Recreation Center Fund
Business Improvement District Fund

Capital Projects Funds

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

Parks Fund
Capital Improvements Fund

Enterprise Funds

Enterprise Funds are 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.

Emergency Squad Fund
Cable Television Fund

In addition, the City reports the following fund types:

Internal Service Funds

Internal Service Fund 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

Custodial Fund

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

Tax Collection Fund

Measurement Focus, Basis of Accounting and Financial Statement Presentation**Government-Wide Financial Statements**

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for insurance proceeds which must be collected within approximately 120 days.. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

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

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

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

Proprietary and Fiduciary Funds

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

City of Hartford

Notes to Financial Statements
December 31, 2020

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

All Financial Statements

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

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

Deposits and Investments

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

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

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

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

Custodial Risk

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

Concentration of Credit Risk

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

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

No policy exists for the following risks:

Credit risk

Interest Rate Risk

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 4. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average cash balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 4. for further information.

Receivables

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

City of Hartford

Notes to Financial Statements
December 31, 2020

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale - 2020 delinquent real estate taxes	October 2023

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

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

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

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

Government-Wide Statements

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Land Improvements other than building	15-20 Years
Machinery and Equipment	5-20 Years
Utility System	5-90 Years
Infrastructure	20-50 Years
Intangibles	3-5 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred Outflows of Resources

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

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

Compensated Absences

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

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

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

An employee can accumulate sick leave up to a maximum of 736 hours for patrolmen and 720 hours for all others. These benefits vest at 100% upon retirement or in the event of death while employed by the City. At December 31, 2020, vested accumulated unpaid sick leave is reported as a long-term obligation.

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

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

Payments for Paid Time Off (PTO) will be made at rates in effect when the benefits are used. Accumulated PTO liabilities at December 31, 2020 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, unfunded retirement liabilities, capital lease obligations and accrued compensated absences..

City of Hartford

Notes to Financial Statements
December 31, 2020

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts is reported as an other financing source and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

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

As of December 31, 2020, there were two series of Industrial Revenue Bonds outstanding. In December, 2004, the Community Development Authority approved the issuance of industrial revenue bonds of \$4.2 million. During 2007, the City approved the issuance of industrial revenue bonds of \$2.5 million. Therefore, the total conduit debt obligations of City are \$6.7 million for those obligations with outstanding balances at December 31, 2020.

Deferred Inflows of Resources

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

Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

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

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

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

See Note 4. for further information.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

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

2. Reconciliation of Government-Wide and Fund Financial Statements**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position**

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

Capital assets, net of accumulated depreciation	\$ 60,812,364
Less: Internal Service Fund Capital Assets	<u>(65,949)</u>
Combined adjustment for capital assets	<u>\$ 60,746,415</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	\$ 23,830,000
Compensated absences	468,526
Total and Net OPEB liability	6,079,435
Accrued interest	142,972
Unamortized debt premium	<u>908,919</u>
Combined adjustment for long-term liabilities	<u>\$ 31,429,852</u>

City of Hartford

Notes to Financial Statements
December 31, 2020

3. Stewardship, Compliance and Accountability

Excess Expenditures and Other Financing Uses Over Appropriations

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Debt Service Fund	\$ 3,056,113	\$ 3,061,145	\$ 5,032
Capital Project Fund - Veterans Park	-	3	3
Special Revenue Fund - Library	981,233	1,002,822	21,589
Special Revenue Fund - State	2,522	245,881	243,359
Special Revenue Fund - Transportation	260,347	263,168	2,821
Capital Project Fund - Parks	138,862	139,131	269

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

Deficit Balances

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

As of December 31, 2020, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Project Fund - Other Projects	\$ 3,617,175	Expenditures exceeding revenues

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

Limitations on the District's Tax Levy

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

City of Hartford

Notes to Financial Statements
December 31, 2020

4. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Petty cash	\$ 1,250	\$ -	N/A
Demand Deposits	7,926,813	7,153,454	Custodial
State and local bonds	151,671	151,671	Credit, custodial credit, interest rate and investments highly sensitive to interest rate changes
Certificates of deposits	12,091,908	12,091,908	Custodial
US agencies (implicitly guaranteed)	9,019,186	9,020,281	Credit, custodial, concentration of credit and interest rate
US agencies (explicitly guaranteed)	113,421	113,421	Interest rate and custodial
LGIP	<u>16,105,767</u>	<u>16,105,767</u>	Credit
Total deposits and investments	<u>\$ 45,410,016</u>	<u>\$ 44,636,502</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 31,164,068		
Restricted cash and investments	3,227,511		
Per statement of fiduciary net position - fiduciary funds			
Custodial fund	<u>11,018,437</u>		
Total deposits and investments	<u>\$ 45,410,016</u>		

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

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

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

City of Hartford

Notes to Financial Statements
December 31, 2020

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

> Quoted market prices

Investment Type	December 31, 2020			
	Level 1	Level 2	Level 3	Total
U.S. agencies (implicitly guaranteed)	\$ -	\$ 9,019,186	\$ -	\$ 9,019,186
U.S. agencies (explicitly guaranteed)	-	113,421	-	113,421
State and local bonds	-	151,671	-	151,671
Total	<u>\$ -</u>	<u>\$ 9,284,278</u>	<u>\$ -</u>	<u>\$ 9,284,278</u>

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, 2020, \$1,158,353 of the City's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 1,158,353</u>
Total	<u>\$ 1,158,353</u>

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 \$12,160,922 of investments subject to custodial credit risk as of December 31, 2020. Of this amount, the entire balance was covered by securities held by an agency in the City's name.

Credit Risk

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

As of December 31, 2020, the City's investments were rated as follows:

Investment Type	Standard & Poors	Fitch Ratings	Moody's Investors Services
US agencies	AA+	Not available	Aaa
State and local bonds	A+	Not available	AAa3

City of Hartford

Notes to Financial Statements
December 31, 2020

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

LGIP

Concentration of Credit Risk

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

At December 31, 2020, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
FNMA	US Agency (implicitly guaranteed)	9.70 %
Farm Credit	US Agency (implicitly guaranteed)	6.10
Freddie Mac	US Agency (implicitly guaranteed)	9.90

Interest Rate Risk

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

As of December 31, 2020, the City's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
State and local bonds	\$ 151,671	.57
US agencies (implicitly guaranteed)	9,019,186	6.02
US agencies (explicitly guaranteed)	<u>113,421</u>	16.01
Total	<u>\$ 9,284,278</u>	

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

Receivables

All of the receivables on the balance sheet are expected to be collected within one year, except for special assessments of \$163,873 and notes receivable of \$367,847.

City of Hartford

Notes to Financial Statements
December 31, 2020

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 8,734,208	\$ -
Special assessments	-	260,422
Grant receivables	-	719,801
	<u> </u>	<u> </u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 8,734,208</u>	<u>\$ 980,223</u>

Enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the Water Utility and Wastewater Utility had unearned revenue shown as liabilities, related to special assessments of \$236,353 and \$392,609, respectively.

Restricted Assets

The following represent the balances of the restricted assets:

Net Pension Asset

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

Special Revenue Fund

Certain cash and investments, accounts and notes receivable totaling approximately \$1.26 million at December 31, 2020 are restricted through various grant agreements with granting agencies.

Component Unit - Community Development Authority

Certain cash, cash equivalents, accounts receivable, due from other governments and notes receivable, accrued interest receivable and inventory within the Community Development Authority of the City of Hartford totaling \$1,313,618 are restricted for various grant disbursements as established by regulations and agreements with the granting agencies and debt covenants.

City of Hartford

Notes to Financial Statements
December 31, 2020

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:

	<u>Restricted Assets</u>
Electric Utility	
Special Redemption Fund	
Interest and Principal Account	\$ 306,268
Reserve Account	359,849
Net Pension Asset	210,963
Water Utility	
Special Redemption Fund	
Bond Depreciation Account	712,744
Construction Account	371,842
Net Pension Asset	69,911
Wastewater Treatment	
Equipment Replacement Account	630,182
Net Pension Asset	68,731
Non-Major Enterprise Funds	
Net Pension Asset	<u>59,537</u>
Total	<u>\$ 2,790,027</u>

Accounts and notes receivable at December 31, 2020 were comprised of the following:

	Special Revenue	Community Development Authority
Notes receivable - other	<u>\$ 417,847</u>	<u>\$ 369,843</u>
Total accounts and notes receivable	<u>\$ 417,847</u>	<u>\$ 369,843</u>
Current	\$ 50,000	\$ 30,000
Noncurrent	<u>367,847</u>	<u>339,843</u>
Total accounts and notes receivable	<u>\$ 417,847</u>	<u>\$ 369,843</u>

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

Community Development Authority notes receivable consist primarily of notes issued under the First Time Home Buyers Loan Program for \$103,200, certain rehabilitation notes of \$205,709, and notes to not for profit agencies totaling \$60,934. 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
December 31, 2020

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 4,865,328	\$ -	\$ -	\$ 4,865,328
Construction in progress	<u>1,042,703</u>	<u>280,112</u>	<u>1,308,495</u>	<u>14,320</u>
Total capital assets not being depreciated / amortized	<u>5,908,031</u>	<u>280,112</u>	<u>1,308,495</u>	<u>4,879,648</u>
Capital assets being depreciated / amortized:				
Buildings	35,035,847	8,692	-	35,044,539
Improvements	3,315,961	1,280,474	-	4,596,435
Machinery and Equipment	14,022,545	513,023	205,116	14,330,452
Infrastructure	45,745,435	1,009,413	45,000	46,709,848
Intangibles	<u>287,260</u>	<u>-</u>	<u>-</u>	<u>287,260</u>
Total capital assets being depreciated / amortized	<u>98,407,048</u>	<u>2,811,602</u>	<u>250,116</u>	<u>100,968,534</u>
Total capital assets	<u>104,315,079</u>	<u>3,091,714</u>	<u>1,558,611</u>	<u>105,848,182</u>
Less accumulated depreciation/ amortization for:				
Buildings	(9,617,772)	(831,459)	-	(10,449,231)
Improvements	(1,911,216)	(185,332)	-	(2,096,548)
Machinery and Equipment	(9,739,737)	(857,711)	192,799	(10,404,649)
Infrastructure	(20,520,930)	(1,322,200)	45,000	(21,798,130)
Intangibles	<u>(287,260)</u>	<u>-</u>	<u>-</u>	<u>(287,260)</u>
Total accumulated depreciation / amortization	<u>(42,076,915)</u>	<u>(3,196,702)</u>	<u>237,799</u>	<u>(45,035,818)</u>
Net capital assets being depreciated / amortized	<u>56,330,133</u>	<u>(385,100)</u>	<u>12,317</u>	<u>55,932,716</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 62,238,164</u>	<u>\$ (104,988)</u>	<u>\$ 1,320,812</u>	<u>\$ 60,812,364</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 126,986
Protection of persons and property	603,336
Public works	1,596,425
Leisure activities	839,871
Conservation and development	<u>30,084</u>

Total governmental activities depreciation / amortization expense \$ 3,196,702

City of Hartford

Notes to Financial Statements
December 31, 2020

	<u>Beginning Balance</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities					
Capital assets not being depreciation:					
Land	\$ 734,274	\$ -	\$ 866,876	\$ -	\$ 1,601,150
Construction in progress	<u>836,393</u>	<u>-</u>	<u>631,067</u>	<u>261,415</u>	<u>1,206,045</u>
Total capital assets not being depreciated / amortized	<u>1,570,667</u>	<u>-</u>	<u>1,497,943</u>	<u>261,415</u>	<u>2,807,195</u>
Capital assets being depreciated:					
Buildings	29,988,746	-	65,987	-	30,054,733
Improvements other than buildings	84,015,490	-	8,225,998	251,060	91,990,428
Machinery and equipment	13,535,452	-	202,806	12,588	13,725,670
Other property	<u>3,460,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,460,767</u>
Total capital assets being depreciated / amortized	<u>131,000,455</u>	<u>-</u>	<u>8,494,791</u>	<u>263,648</u>	<u>139,231,598</u>
Total capital assets	<u>132,571,122</u>	<u>-</u>	<u>9,992,734</u>	<u>525,063</u>	<u>142,038,793</u>
Less accumulated depreciation for:					
Buildings	(14,587,848)	(6,644)	(306,533)	-	(14,901,025)
Improvements other than buildings	(32,907,479)	1,774,363	(2,286,164)	251,060	(33,168,220)
Machinery and equipment	(5,266,262)	(2,212,919)	(654,812)	12,588	(8,121,405)
Other property	<u>(1,636,799)</u>	<u>641,069</u>	<u>(43,454)</u>	<u>-</u>	<u>(1,039,184)</u>
Total accumulated depreciation	<u>(54,398,388)</u>	<u>195,869</u>	<u>(3,290,963)</u>	<u>263,648</u>	<u>(57,229,834)</u>
Net capital assets being depreciated / amortized	<u>76,602,067</u>	<u>195,869</u>	<u>5,203,828</u>	<u>-</u>	<u>82,001,764</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 78,172,734</u>	<u>\$ 195,869</u>	<u>\$ 6,701,771</u>	<u>\$ 261,415</u>	<u>\$ 84,808,959</u>

* Adjustment necessary to tie to PSC capital assets reported.

City of Hartford

Notes to Financial Statements
December 31, 2020

Depreciation expense was charged to functions as follows:

Business-Type Activities

Electric	\$ 1,311,259
Water	1,003,615
Wastewater	747,664
Airport	171,801
Nonmajor enterprise funds	<u>33,927</u>
Total business-type activities depreciation expense	<u>\$ 3,268,266</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.

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Project Fund - Other Projects	\$ 317,184
General Fund	Enterprise Fund - Emergency Squad Fund	110,920
Electric Utility	Water Utility	<u>2,214,955</u>
Total - Fund Financial Statements		2,643,059
Less fund eliminations		(2,532,139)
Less interfund advances		<u>(3,208,543)</u>
Total internal balances, government-wide statement of net position		<u>\$ (3,097,623)</u>

All amounts are due within one year.

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

City of Hartford

Notes to Financial Statements
December 31, 2020

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Wastewater Utility	Capital Projects - Other Projects Fund	\$ 2,150,000	\$ 2,150,000
Electric Utility	Capital Projects - Other Projects Fund	<u>1,058,543</u>	1,058,543
Total		<u>\$ 3,208,543</u>	

No repayment schedules have been determined as of December 31, 2020.

City of Hartford

Notes to Financial Statements
December 31, 2020

Transfers

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	\$ 115,000
	Enterprise Fund - Electric	555,430
	Enterprise Fund - Water	585,711
	Enterprise Fund - Wastewater	611,000
	Internal Service Fund - Risk Management	25,000
Special Revenue Funds		
Recreation Fund	General Fund	342,000
	Internal Service Fund - Data Processing	5,000
Library	Internal Service Fund - Risk Management	15,000
Parks	General Fund	81,750
Debt Service Fund	TID #11	8,208
	Special Revenue Fund - Library	25,000
	Capital Projects Fund - Other Projects	66,088
	Enterprise Fund - Electric	18,950
	Enterprise Fund - Water	9,116
	Enterprise Fund - Wastewater	8,749
	Enterprise Fund - Airport	507
	Enterprise Fund - Emergency Squad	1,940
	Enterprise Fund - Cable Television	452
	Internal Service Fund - Data Processing	846
	Internal Service Fund - Risk Management	189
	Internal Service Fund - Health Insurance	95
Enterprise - Wasterwater	Debt Service	367,654
Internal Service Fund	General Fund	<u>4,272</u>
	Total - Fund Financial Statements	2,847,957
	Less fund eliminations	(359,546)
	Less government-wide eliminations	<u>(949,210)</u>
	Total transfers, government-wide statement of activities	<u>\$ 1,539,201</u>

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

City of Hartford

Notes to Financial Statements
December 31, 2020

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 21,410,000	\$ 4,700,000	\$ 2,280,000	\$ 23,830,000	\$ 2,330,000
(Discounts)/Premiums:	<u>598,819</u>	<u>423,142</u>	<u>113,042</u>	<u>908,919</u>	<u>-</u>
Subtotal	<u>22,008,819</u>	<u>5,123,142</u>	<u>2,393,042</u>	<u>24,738,919</u>	<u>2,330,000</u>
Other liabilities:					
Total other postemployment benefit liability - health	6,788,169	482,499	1,710,717	5,559,951	-
Net pension liability	1,399,743	-	1,399,743	-	-
Net other postemployment benefit liability - LRLIF	313,583	205,901	-	519,484	-
Accrued compensated absences	<u>459,540</u>	<u>35,341</u>	<u>26,355</u>	<u>468,526</u>	<u>279,307</u>
Total other liabilities	<u>8,961,035</u>	<u>723,741</u>	<u>3,136,815</u>	<u>6,547,961</u>	<u>279,307</u>
Total governmental activities long-term liabilities	<u>\$ 30,969,854</u>	<u>\$ 5,846,883</u>	<u>\$ 5,529,857</u>	<u>\$ 31,286,880</u>	<u>\$ 2,609,307</u>
Business-Type Activities					
Bonds and notes payable:					
Revenue bonds	\$ 9,330,000	\$ -	\$ 1,825,000	\$ 7,505,000	\$ 1,830,000
(Discounts)/Premiums:	<u>190,283</u>	<u>-</u>	<u>52,253</u>	<u>138,030</u>	<u>-</u>
Subtotal	<u>9,520,283</u>	<u>-</u>	<u>1,877,253</u>	<u>7,643,030</u>	<u>1,830,000</u>
Other liabilities:					
Net pension liability	434,659	-	434,659	-	-
Net other postemployment benefit obligation - LRLIF	95,747	63,200	-	158,947	-
Total other postemployment benefit obligation - health	1,727,987	124,296	438,586	1,413,697	-
Accrued compensated absences	<u>186,516</u>	<u>191,527</u>	<u>186,516</u>	<u>191,527</u>	<u>-</u>
Total other liabilities	<u>2,444,909</u>	<u>379,023</u>	<u>1,059,761</u>	<u>1,764,171</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 11,965,192</u>	<u>\$ 379,023</u>	<u>\$ 2,937,014</u>	<u>\$ 9,407,201</u>	<u>\$ 1,830,000</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5 percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2020, was \$74,728,660. Total general obligation debt outstanding at year end was \$23,830,000.

City of Hartford

Notes to Financial Statements
December 31, 2020

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Interest Rates	Principal Payable	Original Indebtedness	Balance December 31, 2020
General Obligation Bonds and Refunding Bonds	12/1/07	5.20-6.00%	4/1/08-21	\$ 1,150,000	\$ 115,000
	6/26/12	1.50-3.50	5/1/14-32	4,975,000	4,150,000
	6/28/16	1.50-3.50	5/1/17-32	6,915,000	5,815,000
General Obligation Notes	6/26/12	1.50-2.25	5/1/13-22	3,070,000	675,000
	8/5/14	1.00-4.00	8/1/15-24	5,215,000	3,850,000
	6/28/16	2.00-3.00	5/1/17-26	3,400,000	2,100,000
	4/10/18	2.00-4.00	11/1/19-27	2,900,000	2,425,000
	3/5/20	2.00-3.00	3/1/21-29	4,700,000	<u>4,700,000</u>
Total governmental activities, general obligation debt					<u>\$ 23,830,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2021	\$ 2,330,000	\$ 663,694
2022	2,375,000	605,688
2023	2,275,000	548,375
2024	4,600,000	493,438
2025	2,025,000	353,500
2026-2030	8,525,000	873,875
2031-2032	<u>1,700,000</u>	<u>50,000</u>
Total	<u>\$ 23,830,000</u>	<u>\$ 3,588,570</u>

Revenue Debt

Business-type activities revenue bonds are payable from revenues derived from the electric, water, and sewer funds.

The City has pledged future revenues, net of specified operating expenses, to repay revenue bonds issued in 2011 through 2017. Proceeds from the bonds provided financing for the City's Electric, Water and Sewer Systems, including the refunding of outstanding debt. The bonds are payable solely from revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require - percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,050,525. Principal and interest paid for the current year and total customer net revenues were \$2,075,150 and \$7,816,467, respectively.

City of Hartford

Notes to Financial Statements
December 31, 2020

Revenue debt payable at December 31, 2020, consists of the following:

Business-type Activities

<u>Revenue bonds</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Principal Payable</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Revenue Bonds	10/12/11	2.00-3.50	7/1/13-23	3,175,000	975,000
Revenue Bonds	6/28/16	2.00-2.00	7/1/07-22	4,880,000	2,200,000
Revenue Bonds	12/28/17	2.00-3.00	7/1/18-24	4,790,000	<u>4,330,000</u>
Total business-type activities, revenue debt					<u>\$ 7,505,000</u>

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,830,000	\$ 208,025
2022	1,850,000	163,500
2023	1,900,000	116,250
2024	<u>1,925,000</u>	<u>57,750</u>
Total	<u>\$ 7,505,000</u>	<u>\$ 545,525</u>

Other Debt Information

As of December 31, 2020, the City of Hartford had \$0 in unused lines of credit.

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

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

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

City of Hartford

Notes to Financial Statements
December 31, 2020

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:	
Land	\$ 4,865,328
Construction in progress	14,320
Other capital assets, net of accumulated depreciation	55,932,716
Less long-term debt outstanding	(23,830,000)
Plus unspent capital related debt proceeds	3,221,218
Plus noncapital debt proceeds	115,000
Less: Unamortized debt premium	<u>(908,919)</u>
Total net investment in capital assets	<u>39,409,663</u>
Restricted:	
Loan Programs	1,264,838
Library	1,555,687
Pension	<u>1,305,077</u>
Total restricted	<u>4,125,602</u>
Unrestricted	<u>2,851,805</u>
Total governmental activities net position	<u>\$ 46,387,070</u>

City of Hartford

Notes to Financial Statements
December 31, 2020

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020, include the following:

	<u>Capital Projects Fund</u>				<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Veterans Park Pool Project</u>	<u>Other Projects</u>		
Fund Balances						
Nonspendable:						
Prepayments and inventories	\$ 197,712	\$ -	\$ -	\$ 46	\$ 22,808	\$ 220,566
Restricted for:						
Debt service	-	387,771	-	-	-	387,771
State loans	-	-	-	-	1,264,838	1,264,838
Library	-	-	-	-	1,545,533	1,545,533
Capital improvements	-	-	-	-	3,221,218	3,221,218
Committed to:						
Transportation	-	-	-	-	201,427	201,427
Recreation Center Business Improvement District	-	-	-	-	303,015	303,015
	-	-	-	-	64,724	64,724
Assigned to:						
Capital improvements	-	-	106,412	-	-	106,412
Parks	-	-	-	-	1,416,251	1,416,251
Subsequent years budget	-	-	-	-	703,244	703,244
Unassigned (deficit):	<u>6,505,950</u>	<u>-</u>	<u>-</u>	<u>(3,617,221)</u>	<u>-</u>	<u>2,888,729</u>
Total fund balances	<u>\$ 6,703,662</u>	<u>\$ 387,771</u>	<u>\$ 106,412</u>	<u>\$ (3,617,175)</u>	<u>\$ 8,743,058</u>	<u>\$ 12,323,728</u>

Business-Type Activities

Net investment in capital assets:

Land	\$ 1,601,150
Construction in progress	1,206,045
Other capital assets, net of accumulated depreciation	82,001,764
Less Long-term debt outstanding	(7,505,000)
Plus unspent capital related debt proceeds	731,691
Less unamortized debt premium	(138,030)
Plus: Unamortized loss on refunding	<u>182,764</u>

Total net investment in capital assets \$ 78,080,384

City of Hartford

Notes to Financial Statements
December 31, 2020

Component Units

Hartford Community Development Authority

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 934,587	\$ 985,229	Custodial credit
LGIP	4,493	4,493	Credit risk, Interest rate
Petty cash	<u>100</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 939,180</u>	<u>\$ 989,722</u>	

Reconciliation to financial statements per statement of net position

Unrestricted cash and investments	\$ 9,595
Restricted cash and investments	<u>929,585</u>
Total deposits and investments	<u>\$ 939,180</u>

Custodial Credit Risk

Deposits

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

As of December 31, 2020, \$666,214 of the Authority's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 666,214</u>
Total	<u>\$ 666,214</u>

City of Hartford

Notes to Financial Statements
December 31, 2020

Credit Risk

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

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

c. Cash and Cash Equivalents

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

d. Capital Assets

A summary of changes in capital assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 316,850	\$ -	\$ -	\$ 316,850
Capital assets being depreciated				
Buildings and improvements	5,856,080	-	-	5,856,080
Furniture and fixtures	467,383	-	-	467,383
Machinery and equipment	329,756	-	-	329,756
Less accumulated depreciation / amortization	(3,722,110)	(172,109)	-	(3,894,219)
Total	<u>\$ 316,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,850</u>

e. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 286,768	\$ -	\$ 81,266	\$ 205,502	\$ 83,754
Revenue bonds	119,210	-	58,276	60,934	-
Net OPEB Liability - LRLIF	26,210	17,080	-	43,290	-
Loans payable	2,184,020	-	102,560	2,081,460	104,944
Total OPEB - Health	544,436	-	130,393	414,043	-
Net pension liability	123,252	-	123,252	-	-
Total	<u>\$ 3,283,896</u>	<u>\$ 17,080</u>	<u>\$ 495,747</u>	<u>\$ 2,805,229</u>	<u>\$ 188,698</u>

City of Hartford

Notes to Financial Statements
December 31, 2020

<u>Revenue Debt</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Principal Payable</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Redevelopment Revenue Bonds	09/01/07	4.5%	Semi-Annually	\$ 825,000	\$ 60,934
City of Hartford First National Bank Note	06/10/13	3.4	Annually	759,930	<u>205,502</u>
					<u>\$ 266,436</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 83,754	\$ 6,006
2022	86,647	3,113
2023	35,101	441
2024	-	-
2025	-	-
2026-2027	<u>60,934</u>	<u>2,064</u>
Total	<u>\$ 266,436</u>	<u>\$ 11,624</u>

<u>Loans Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Loans payable	5/1/2017	4/1/2037	2.30%	\$ 2,435,000	<u>\$ 2,081,460</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Component Unit Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 104,944	\$ 47,063
2022	107,383	44,624
2023	109,880	42,128
2024	112,433	39,573
2025	115,046	36,960
2026-2030	616,610	143,424
2031-2035	691,682	68,350
2036-2026	<u>223,482</u>	<u>4,528</u>
Total	<u>\$ 2,081,460</u>	<u>\$ 426,650</u>

f. Employee Retirement System

Summary of Significant Accounting Policies

Pension

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

General Information About the Pension Plan

Plan Description

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

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

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

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>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

City of Hartford

Notes to Financial Statements
December 31, 2020

Contributions

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

During the reporting period, the WRS recognized \$34,971 in contributions from the Authority.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

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

At December 31, 2020, the Authority reported an asset of \$(104,727) for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the net pension asset was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Authority's proportion was 0.00324790 percent, which was a decrease of 0.00021649 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Authority recognized pension expense of \$31,441.00.

At December 31, 2020, the Authority reported deferred outflows of resources deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 203,304	\$ 136,886
Changes in assumptions	7,922	-
Net differences between projected and actual earnings on pension plan investments	-	175,970
Changes in proportion and differences between employer contributions and proportionate share of contributions	744	21
Employer contributions subsequent to the measurement date	<u>33,239</u>	<u>-</u>
Total	<u>\$ 245,209</u>	<u>\$ 312,877</u>

City of Hartford

Notes to Financial Statements
December 31, 2020

\$33,239 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ (29,828)
2022	(22,341)
2023	3,726
2024	(52,464)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.67
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75 percent
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 Asset to Changes in the Discount Rate

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

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Authority’s proportionate share of the net pension asset	\$ (269,691)	\$ (104,727)	\$ 384,647

Pension Plan Fiduciary Net Position

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

g. Net Position

Net Investment in Capital Assets:	
Land	\$ 316,850
Other capital assets, net of accumulated depreciation	2,759,000
Less: related long-term debt outstanding	(2,286,962)
Plus: noncapital related debt	<u>416,568</u>
Net investment in capital assets	<u>\$ 1,205,456</u>
Restricted for grant programs	\$ 114,922
Restricted for pension asset	<u>104,727</u>

City of Hartford

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Unrestricted (deficit)	<u>\$ (73,186)</u>
Total	<u><u>\$ 1,351,919</u></u>

h. Other Postemployment Benefits ("OPEB")

Health

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

For the years ended 2020, the Authority contributed \$54,590, to the plan.

City of Hartford

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Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

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

Total OPEB Liability

For the year ended December 31, 2020, the Authority's total OPEB liability of \$414,043 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter

For the years ended December 31, 2020, the discount rate of 2.75% was based on Bond Buyer 20-Bond Go Index.

Mortality rates were based on the Wisconsin 2018 Mortality Table

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period 2015-17.

Changes in the Total OPEB Liability

	<u>Total Pension Liability</u>
Beginning of Year Balance, January 1, 2020	\$ 544,436
Charges for the year	
Service cost	21,102
Interest on total pension liability	21,108
Difference in experience	(99,962)
Changes of assumptions	(18,051)
Benefit payments	(54,590)
Net Changes	<u>(130,393)</u>
End of Year Balance, December 31, 2020	<u>\$ 414,043</u>

City of Hartford

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

	<u>1% Decrease (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase (3.75%)</u>
Total OPEB liability	\$ 430,292	\$ 414,043	\$ 397,701

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (5.5% Decreasing to 4.0%)</u>	<u>Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)</u>	<u>1% Increase (7.5% Decreasing to 6.0%)</u>
Total OPEB liability	\$ 385,616	\$ 414,043	\$ 446,763

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

For the year ended December 31, 2020, the Authority recognized OPEB expense of \$27,759. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	-	114,264
Employer contributions subsequent to the measurement date	126,754	-
Total	<u>\$ 126,754</u>	<u>\$ 114,264</u>

City of Hartford

Notes to Financial Statements
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\$126,754 reported as deferred outflows related to OPEB resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ (14,451)
2022	(14,451)
2023	(14,451)
2024	(14,451)
2025	(14,451)
Thereafter	(42,009)

i. Local Retiree Life Insurance Fund (LRLIF)

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

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

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

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

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

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

City of Hartford

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Contribution rates for the plan year reported as of December 31, 2020 are:

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

Life Insurance Member Contribution Rates For the Plan Year

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

During the reporting period, the LRLIF recognized \$167 in contributions from the employer.

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

At December 31, 2020, the Authority reported a liability of 43,290 percent for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the Authority's proportion was 0.01016629 percent, which was an increase of 0.00000869 percent from its proportion measured as of December 31, 2018.

City of Hartford

Notes to Financial Statements
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For the year ended December 31, 2020, the City recognized OPEB expense of \$3,338.

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,941
Net differences between projected and actual earnings on OPEB plan investments	816	-
Changes in assumptions	15,963	4,780
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,548	-
Employer contributions subsequent to the measurement date	<u>167</u>	<u>-</u>
Total	<u>\$ 18,494</u>	<u>\$ 6,721</u>

\$167 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ 2,026
2022	2,026
2023	1,938
2024	1,847
2025	1,542
Thereafter	2,227

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Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2020

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
US Credit Bonds	Barclays Credit	45 %	2.12 %
US Long Credit Bonds	Barclays Long Credit	5	2.90
US Mortgages	Barclays MBS	50	1.53
Inflation			2.20
Long-Term Expected Rate of Return			4.25 %

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Single discount rate. A single discount rate of 2.87% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the longterm expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 2.87 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1percentagepoint lower (1.87 percent) or 1percentagepoint higher (3.87 percent) than the current rate:

	<u>1% Decrease to Discount Rate (1.87%)</u>	<u>Current Discount Rate (2.87%)</u>	<u>1% Increase to Discount Rate (3.87%)</u>
Authority's Proportionate Share of the net OPEB liability-LRLIF	\$ <u>59,776</u>	\$ <u>43,290</u>	\$ <u>30,747</u>

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

5. Other Information

Employees' Retirement System

Plan Description

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

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

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

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>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

Contributions

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

During the reporting period, the WRS recognized \$572,397 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.55 %	6.55 %
Protective with Social Security	6.55 %	10.55 %
Protective without Social Security	6.55 %	14.95 %

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

At December 31, 2020, the City reported an liability/(asset) of \$(1,714,219) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability/(asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.05641095 percent, which was an increase of 0.00138489 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$584,672.

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At December 31, 2020, the City reported as deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,249,472	\$ 1,590,997
Changes in assumptions	133,822	-
Net differences between projected and actual earnings on pension plan investments	-	3,542,603
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,375	315
Employer contributions subsequent to the measurement date	<u>657,100</u>	<u>-</u>
Total	<u>\$ 4,056,769</u>	<u>\$ 5,133,915</u>

\$657,100 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ (512,650)
2022	(383,958)
2023	64,044
2024	(901,682)

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

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

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

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 7.00 percent, as well as what the City’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
City’s proportionate share of the net pension liability/(asset)	<u>\$ 4,953,803</u>	<u>\$ (1,714,219)</u>	<u>\$ (7,065,378)</u>

Pension Plan Fiduciary Net Position

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

Risk Management

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

City of Hartford

Notes to Financial Statements
December 31, 2020

Public Entity Risk Pool

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

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

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

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

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

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

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

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$50,000 per occurrence and an annual aggregate limit of \$200,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2020. A total liability of approximately \$10,097 at December 31, 2020, was recorded as claims payable in the insurance internal service fund. Changes in the fund's claims loss liability follow:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2019	\$ 17,538	\$ 304,273	\$ 310,974	\$ 10,837
2020	10,837	306,057	306,797	10,097

At December 31, 2020, the Risk Management Fund's net position was unrestricted for 2016 through 2020 claims in the amount of \$1,066,311.

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.

City of Hartford

Notes to Financial Statements
December 31, 2020

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 \$268,745 at December 31, 2020 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, 2020 and 2019 were as follows:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2019	\$ 249,106	\$ 2,752,269	\$ 2,783,011	\$ 218,364
2020	218,364	3,123,323	3,072,942	268,745

Commitments and Contingencies

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

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

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

The City has active construction projects as of December 31, 2020. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts, WPPI Energy

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

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

Fifty members, representing approximately 99.8 percent of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract through December 31, 2037.

City of Hartford

Notes to Financial Statements
December 31, 2020

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 \$305 million as of December 31, 2020.

Other Postemployment Benefits

General Information about the OPEB Plan - Health

Plan Description

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

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability of \$6,973,648 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Healthcare cost trend rates	6.50% decreasing by .10% per year down to 5.50%, and level thereafter
The discount rate was based on Bond Buyer 20-Bond Go Index..	

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period 2015 - 2017.

City of Hartford

Notes to Financial Statements
December 31, 2020

Changes in the Total OPEB Liability

	Total Pension Liability
Beginning of Year Balance	\$ 8,516,156
Charges for the year:	
Service cost	267,526
Interest	339,269
Differences between expected and actual	(1,626,432)
Changes in assumptions or other inputs	(186,461)
Benefit payments	<u>(336,410)</u>
Net Changes	<u>(1,542,508)</u>
End of Year Balance	<u>\$ 6,973,648</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.00 percent in 2019 to 2.75 percent in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.8 percent) or 1-percentage-point higher (2.8 percent) than the current discount rate:

	1% Decrease (1.8%)	Discount Rate (2.8%)	1% Increase (3.8%)
Total OPEB liability	<u>\$ 7,415,068</u>	<u>\$ 6,973,648</u>	<u>\$ 6,549,430</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Total OPEB liability	<u>\$ 6,377,963</u>	<u>\$ 6,973,648</u>	<u>\$ 7,649,373</u>

City of Hartford

Notes to Financial Statements
December 31, 2020

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$374,635. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,445,717
Changes of assumptions or other inputs	-	380,831
Employer contributions subsequent to the measurement date	<u>315,243</u>	<u>-</u>
Total	<u>\$ 315,243</u>	<u>\$ 1,826,548</u>

\$315,243 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	Deferred Inflows of Resources
2021	\$ (232,160)
2022	(232,160)
2023	(232,160)
2024	(232,160)
2025	(232,160)
Thereafter	(655,748)

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

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

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

Benefits Provided

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

Contributions

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

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

Contribution rates for the plan year reported as of December 31, 2020 are:

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

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

Life Insurance Member Contribution Rates For the Plan Year

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

During the reporting period, the LRLIF recognized \$2,896 in contributions from the employer.

City of Hartford

Notes to Financial Statements
December 31, 2020

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

At December 31, 2020, the City reported a liability of 678,431 percent for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.16949000 percent, which was an increase of 0.00069800 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB expense of \$53,168.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 30,391
Net differences between projected and actual earnings on OPEB plan investments	12,798	-
Changes in assumptions	250,283	74,604
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,159	-
Employer contributions subsequent to the measurement date	<u>3,184</u>	<u>-</u>
Total	<u>\$ 290,424</u>	<u>\$ 104,995</u>

\$3,184 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2021	\$ 31,806
2022	31,806
2023	30,426
2024	29,005
2025	24,214
Thereafter	34,987

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

City of Hartford

Notes to Financial Statements
December 31, 2020

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
US Credit Bonds	Barclays Credit	45 %	2.12 %
US Long Credit Bonds	Barclays Long Credit	5	2.90
US Mortgages	Barclays MBS	50	1.53
Inflation			2.20
Long-Term Expected Rate of Return			4.25 %

The long-term expected rate of return decreased slightly from 5.00 percent in the prior year to 4.25 percent in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30 percent in the prior year to 2.20 percent in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate

A single discount rate of 2.87 percent was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22 percent for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10 percent as of December 31, 2018 to 2.74 percent as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 2.87 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
City's proportionate share of the net OPEB liability	<u>\$ 936,800</u>	<u>\$ 678,431</u>	<u>\$ 481,863</u>

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

Effect of New Accounting Standards on Current-Period Financial Statements

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

Statement No. 87, *Leases*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Statement No. 96, *Subscription-Based Information Technology Arrangements*

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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

Donation of Land

The City purchased approximately 500 acres of land in 1987 for the possible creation of an industrial park. In 1988, 200 acres of land was donated to the Hartford Area Development Corporation (HADC), a not-for-profit corporation. It is presently the intent of HADC to sell this land and utilize the land sale proceeds in its marketing and development efforts related to the City's industrial parks. As of December 31, 2020, less than 25 acres remain unsold.

Major Customers

The Proprietary Fund - Enterprise Funds derived 29.72% or approximately \$10.3 million of its 2020 revenue from two industrial customers, each of which are approximately 14.39% and 15.33%, respectively, of user charges.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hartford

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

General Fund

Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				
Taxes	\$ 4,345,455	4,345,455	\$ 4,284,622	\$ (60,833)
Special assessments	60,000	60,000	49,559	(10,441)
Intergovernmental	1,671,255	1,671,255	1,970,098	298,843
Licenses and permits	323,180	323,180	342,047	18,867
Fines, forfeitures and penalties	244,350	244,350	180,170	(64,180)
Public charges for services	1,298,406	1,298,406	1,096,472	(201,934)
Interdepartmental revenues	325,514	325,514	385,773	60,259
Miscellaneous revenues	152,050	152,050	254,564	102,514
Total revenues	<u>8,420,210</u>	<u>8,420,210</u>	<u>8,563,305</u>	<u>143,095</u>
Expenditures				
Current				
General government	1,135,191	1,133,691	1,054,867	78,824
Public Safety	4,967,463	4,967,463	5,224,166	(256,703)
Public works	2,585,134	2,561,634	2,471,559	90,075
Leisure activities	1,002,843	1,001,343	745,683	255,660
Conservation and development	165,047	165,047	69,601	95,446
Public service enterprise	164,442	164,442	150,613	13,829
Capital Outlay	54,700	48,700	11,448	37,252
Total expenditures	<u>10,074,820</u>	<u>10,042,320</u>	<u>9,727,937</u>	<u>314,383</u>
Excess of revenues over (under) expenditures	<u>(1,654,610)</u>	<u>(1,622,110)</u>	<u>(1,164,632)</u>	<u>457,478</u>
Other Financing Sources (Uses)				
Transfers in	1,989,951	1,958,951	1,892,141	(66,810)
Transfers out	<u>(423,750)</u>	<u>(423,750)</u>	<u>(428,022)</u>	<u>(4,272)</u>
Total other financing sources (uses)	<u>1,566,201</u>	<u>1,535,201</u>	<u>1,464,119</u>	<u>(71,082)</u>
Net changes in fund balance	<u>\$ (88,409)</u>	<u>\$ (86,909)</u>	299,487	<u>\$ 386,396</u>
Fund Balance, Beginning			<u>6,404,175</u>	
Fund Balance, Ending			<u>\$ 6,703,662</u>	

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

City of Hartford

Required Supplementary Information
Schedule of Changes in the Total OPEB Health Insurance Liability
and Related Ratios
Year ended December 31, 2020

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

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

City of Hartford

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability and Employer Contributions

Local Life Insurance Fund

Year Ended December 31, 2020

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

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

City of Hartford

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

Wisconsin Retirement System

Year Ended December 31, 2020

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2014	0.05524144%	\$ (1,249,857)	\$ 6,146,412	20.33%	102.74%
12/31/2015	0.05429231%	813,589	6,245,170	13.03%	98.20%
12/31/2016	0.05376890%	410,625	6,307,985	6.37%	99.12%
12/31/2017	0.05408956%	(1,505,516)	6,513,767	22.74%	102.93%
12/31/2018	0.05502606%	1,834,402	7,365,363	26.58%	96.45%
12/31/2019	0.05641095%	(1,714,219)	7,287,042	23.26%	102.96%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2020

City Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 476,369	\$ 476,369	\$ -	\$ 6,245,170	7.63%
12/31/2016	451,558	451,558	-	6,307,985	7.16%
12/31/2017	520,947	520,947	-	6,513,767	8.00%
12/31/2018	542,738	542,738	-	6,811,093	7.97%
12/31/2019	572,422	572,422	-	7,819,199	7.32%
12/31/2020	657,100	657,100	-	7,786,848	8.44%

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

City of Hartford

Notes to Required Supplementary Information
December 31, 2020

1. Budgetary Information

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

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

2. Wisconsin Retirement System and Local Retiree Life Insurance Fund (LRLIF)

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

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

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

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

3. Other Post Employment Benefits - Health

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

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

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

Changes of assumptions: The discount rate changed from 4.00 percent to 2.75 percent.

SUPPLEMENTARY INFORMATION

City of Hartford

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Special Revenue Funds					Capital Project Funds		Total Nonmajor Funds
	State	Library	Transportation Program	Recreation Center	Business Improvement District	Parks	Capital Improvements	
Assets								
Current Assets								
Cash and investments	\$ -	\$ 1,607,433	\$ 132,763	\$ 315,699	\$ 64,724	\$ 1,416,947	\$ 3,922,320	\$ 7,459,886
Taxes receivable	-	698,836	24,385	-	-	-	-	723,221
Due from other governmental agencies	-	-	76,990	-	-	-	-	76,990
Accrued investment income receivable	-	926	79	178	-	722	2,142	4,047
Prepayments	-	10,154	6,506	6,148	-	-	-	22,808
Total current assets	-	2,317,349	240,723	322,025	64,724	1,417,669	3,924,462	8,286,952
Restricted Assets								
Cash and investments	846,626	-	-	-	-	-	-	846,626
Notes receivable	417,847	-	-	-	-	-	-	417,847
Prepayments	365	-	-	-	-	-	-	365
Total restricted assets	1,264,838	-	-	-	-	-	-	1,264,838
Total assets	\$ 1,264,838	\$ 2,317,349	\$ 240,723	\$ 322,025	\$ 64,724	\$ 1,417,669	\$ 3,924,462	\$ 9,551,790
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 25,795	\$ 522	\$ 12,862	\$ -	\$ 1,418	\$ -	\$ 40,597
Accrued liabilities	-	21,367	-	-	-	-	-	21,367
Due to other governmental agencies	-	-	5,883	-	-	-	-	5,883
Total liabilities	-	47,162	6,405	12,862	-	1,418	-	67,847
Deferred Inflows of Resources								
Unearned revenues	-	714,500	26,385	-	-	-	-	740,885
Total deferred inflows of resources	-	714,500	26,385	-	-	-	-	740,885
Fund Balances								
Nonspendable	-	10,154	6,506	6,148	-	-	-	22,808
Restricted	1,264,838	1,545,533	-	-	-	-	3,221,218	6,031,589
Committed	-	-	201,427	303,015	64,724	-	-	569,166
Assigned	-	-	-	-	-	1,416,251	703,244	2,119,495
Total fund balances	1,264,838	1,555,687	207,933	309,163	64,724	1,416,251	3,924,462	8,743,058
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,264,838	\$ 2,317,349	\$ 240,723	\$ 322,025	\$ 64,724	\$ 1,417,669	\$ 3,924,462	\$ 9,551,790

City of Hartford

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

	Special Revenue Funds					Capital Project Funds		Total Nonmajor Funds
	State	Library	Transportation Program	Recreation Center	Business Improvement District	Parks	Capital Improvements	
Revenues								
Taxes:								
General property tax	\$ -	\$ 698,733	\$ 34,299	\$ -	\$ -	\$ -	\$ -	\$ 733,032
Special assessments	-	-	-	-	64,607	-	-	64,607
Intergovernmental:								
Federal grants and aids	-	-	68,040	-	-	-	-	68,040
State grants and aids	-	-	63,486	-	-	-	-	63,486
County aids	-	298,458	-	-	-	-	-	298,458
Public charges for services:								
Fees/fares	-	6,261	48,804	211,865	-	79,330	-	346,260
Miscellaneous revenues:								
Investment income	10,286	32,493	2,924	5,450	20	20,445	39,618	111,236
Other	-	16,783	51,998	30,324	10,845	61,512	-	171,462
Total revenues	10,286	1,052,728	269,551	247,639	75,472	161,287	39,618	1,856,581
Expenditures								
Current:								
General government	245,878	-	-	-	60,761	-	-	306,639
Public works	-	-	223,881	-	-	-	-	223,881
Leisure activities	-	999,073	-	624,785	-	-	-	1,623,858
Conservation and development	-	-	-	-	-	17,627	-	17,627
Debt Service:								
Principal, interest and fees	3	-	-	-	-	-	1,267	1,270
Capital Outlay	-	3,749	39,287	-	-	121,504	1,182,941	1,347,481
Total expenditures	245,881	1,002,822	263,168	624,785	60,761	139,131	1,184,208	3,520,756
Excess (deficiency) of revenues over expenditures	(235,595)	49,906	6,383	(377,146)	14,711	22,156	(1,144,590)	(1,664,175)
Other Financing Sources (Uses)								
Proceeds from sale of capital assets	-	-	-	-	-	-	3,500	3,500
Proceeds from long-term debt	-	-	-	-	-	-	4,208,500	4,208,500
Transfers in	-	5,000	-	342,000	-	15,000	-	362,000
Transfers out	-	(25,000)	-	-	-	-	-	(25,000)
Total other financing sources (uses)	-	(20,000)	-	342,000	-	15,000	4,212,000	4,549,000
Net change in fund balances	(235,595)	29,906	6,383	(35,146)	14,711	37,156	3,067,410	2,884,825
Fund Balances, Beginning	1,500,433	1,525,781	201,550	344,309	50,013	1,379,095	857,052	5,858,233
Fund Balances, Ending	\$ 1,264,838	\$ 1,555,687	\$ 207,933	\$ 309,163	\$ 64,724	\$ 1,416,251	\$ 3,924,462	\$ 8,743,058

City of HartfordCombining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2020

	<u>Emergency Squad</u>	<u>Cable Television</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
Current assets:			
Cash and investments	\$ -	\$ 376,847	\$ 376,847
Customer accounts receivable	297,755	-	297,755
Other accounts receivable	7,414	-	7,414
Accrued investment income receivable	-	191	191
Prepaid expenses	12,526	1,254	13,780
	<u>317,695</u>	<u>378,292</u>	<u>695,987</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Net pension asset	47,328	12,209	59,537
Capital assets:			
Land	67,379	-	67,379
Buildings	6,800	-	6,800
Machinery and equipment	490,807	43,879	534,686
	<u>564,986</u>	<u>43,879</u>	<u>608,865</u>
Less accumulated depreciation			
	365,438	43,879	409,317
	<u>199,548</u>	<u>-</u>	<u>199,548</u>
Net property, plant and equipment			
	<u>246,876</u>	<u>12,209</u>	<u>259,085</u>
Total noncurrent assets			
	<u>564,571</u>	<u>390,501</u>	<u>955,072</u>
Total assets			
Deferred Outflows of Resources			
Pension related amounts	95,475	26,135	121,610
Other postemployment benefits related amounts	6,202	3,123	9,325
	<u>101,677</u>	<u>29,258</u>	<u>130,935</u>
Total deferred outflows of resources			
Liabilities			
Current liabilities:			
Accounts payable	7,730	39	7,769
Other accrued liabilities	-	7,242	7,242
	<u>7,730</u>	<u>7,281</u>	<u>15,011</u>
Total current liabilities			
Noncurrent liabilities:			
Net other postemployment benefits liability	14,430	7,323	21,753
Accrued compensated absences	-	1,549	1,549
Due to other funds	110,920	-	110,920
	<u>133,080</u>	<u>16,153</u>	<u>149,233</u>
Total liabilities			
Deferred Inflows Of Resources			
Pension related amounts	147,757	37,931	185,688
Other postemployment benefits related amounts	2,229	1,131	3,360
	<u>149,986</u>	<u>39,062</u>	<u>189,048</u>
Total deferred outflows of resources			
Net Position			
Net investment in capital assets	199,548	-	199,548
Restricted	47,328	12,209	59,537
Unrestricted	136,306	352,335	488,641
	<u>383,182</u>	<u>364,544</u>	<u>747,726</u>
Total net position			

City of Hartford

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

Year Ended December 31, 2020

	<u>Emergency Squad</u>	<u>Cable Television</u>	<u>Totals</u>
Operating Revenues			
Intergovernmental	\$ 18,249	\$ -	\$ 18,249
Charges for services	697,032	192,980	890,012
Other revenue	90,273	-	90,273
	<u>805,554</u>	<u>192,980</u>	<u>998,534</u>
Total operating revenues			
Operating Expenses			
Operating and maintenance	780,261	67,170	847,431
Depreciation	33,241	686	33,927
Taxes	29,535	3,261	32,796
	<u>843,037</u>	<u>71,117</u>	<u>914,154</u>
Total operating expenses			
Operating income (loss)	<u>(37,483)</u>	<u>121,863</u>	<u>84,380</u>
Nonoperating Revenues (Expenses)			
Investment income	-	5,141	5,141
Interest expense	(854)	-	(854)
	<u>(854)</u>	<u>5,141</u>	<u>4,287</u>
Total nonoperating revenue (expenses)			
Net income (loss) before transfers	(38,337)	127,004	88,667
Transfers Out	<u>(1,940)</u>	<u>(115,452)</u>	<u>(117,392)</u>
Change in net position	(40,277)	11,552	(28,725)
Net Position, Beginning	<u>423,459</u>	<u>352,992</u>	<u>776,451</u>
Net Position, Ending	<u>\$ 383,182</u>	<u>\$ 364,544</u>	<u>\$ 747,726</u>

City of Hartford

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended December 31, 2020

	Emergency Squad	Cable Television	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 714,561	\$ 192,980	\$ 907,541
Payments to vendors	(455,484)	(28,063)	(483,547)
Payments to employees	(256,287)	(42,520)	(298,807)
Net cash flows from operating activities	<u>2,790</u>	<u>122,397</u>	<u>125,187</u>
Cash Flows From Noncapital Financing Activities			
Transfers in (out)	(1,940)	(115,452)	(117,392)
Cash Flows From Investing Activities			
Investment income	<u>4</u>	<u>5,406</u>	<u>5,410</u>
Net cash flows from investing activities	<u>4</u>	<u>5,406</u>	<u>5,410</u>
Cash Flows From Capital and Related Financing Activities			
Interest paid	<u>(854)</u>	<u>-</u>	<u>(854)</u>
Net cash flows from capital and related financing activities	<u>(854)</u>	<u>-</u>	<u>(854)</u>
Change in cash and cash equivalents	-	12,351	12,351
Cash and Cash Equivalents, Beginning	<u>-</u>	<u>364,496</u>	<u>364,496</u>
Cash and Cash Equivalents, Ending	<u>\$ -</u>	<u>\$ 376,847</u>	<u>\$ 376,847</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities			
Income (loss) from operations	\$ (37,483)	\$ 121,863	\$ 84,380
Adjustments to reconcile income (loss) to net cash flows from operating activities:			
Depreciation	33,241	686	33,927
Change in assets, deferred outflow/inflows and liabilities:			
Customer accounts receivable	(90,994)	-	(90,994)
Prepayments	(3,661)	673	(2,988)
Accounts payable	173	(411)	(238)
Payable to municipality	100,346	-	100,346
Accrued liabilities	-	37	37
Other current liabilities	-	(1,113)	(1,113)
Pension & OPEB related deferrals and liabilities/assets	<u>1,168</u>	<u>662</u>	<u>1,830</u>
Net cash flows from operating activities	<u>2,790</u>	<u>122,397</u>	<u>\$ 125,187</u>
Noncash Capital and Related Financing Activities			
None			

City of Hartford

Combining Statement of Net Position

Internal Service Funds

December 31, 2020

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
Assets				
Current Assets:				
Cash and investments	\$ 128,340	\$ 730,717	\$ 3,186,769	\$ 4,045,826
Accounts receivable	-	-	39,012	39,012
Accrued investment income receivable	70	346	1,841	2,257
Inventories	5,488	-	-	5,488
Prepaid expenses	26,597	491	47,976	75,064
Total current assets	160,495	731,554	3,275,598	4,167,647
Machinery and Equipment	401,505	-	-	401,505
Less accumulated depreciation	(335,556)	-	-	(335,556)
Net property, plant and equipment	65,949	-	-	65,949
Other assets, investment with CVMIC	-	345,000	-	345,000
Total assets	226,444	1,076,554	3,275,598	4,578,596
Liabilities				
Accounts payable	7,553	146	270	7,969
Accrued liabilities	-	10,097	268,745	278,842
Unearned revenue	-	-	186,396	186,396
Total current liabilities	7,553	10,243	455,411	473,207
Net Position				
Net investment in capital assets	65,949	-	-	65,949
Unrestricted	152,942	1,066,311	2,820,187	4,039,440
Total net position	\$ 218,891	\$ 1,066,311	\$ 2,820,187	\$ 4,105,389

City of Hartford

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

Year Ended December 31, 2020

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
Operating Revenues				
Charges for services	\$ 235,980	\$ 535,703	\$ 2,878,056	\$ 3,649,739
Operating Expenses				
Operating and maintenance	200,199	403,741	2,864,997	3,468,937
Depreciation	22,136	-	-	22,136
Total operating expenses	222,335	403,741	2,864,997	3,491,073
Operating income	13,645	131,962	13,059	158,666
Nonoperating Revenues				
Investment income	1,540	5,967	47,630	55,137
Income before transfers	15,185	137,929	60,689	213,803
Transfers In	4,272	-	-	4,272
Transfers Out	(5,846)	(40,189)	(95)	(46,130)
Change in net position	13,611	97,740	60,594	171,945
Net Position, Beginning	205,280	968,571	2,759,593	3,933,444
Net Position, Ending	\$ 218,891	\$ 1,066,311	\$ 2,820,187	\$ 4,105,389

City of Hartford

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2020

	Data Processing Fund	Risk Management Fund	Health Self- Insurance Fund	Totals
Cash Flows From Operating Activities				
Receipts from customers	\$ 235,980	\$ 535,703	\$ 2,847,572	\$ 3,619,255
Payments to vendors	(124,718)	(387,949)	(2,853,609)	(3,366,276)
Payments to employees	(62,460)	(16,249)	(9,862)	(88,571)
Net cash flows from operating activities	<u>48,802</u>	<u>131,505</u>	<u>(15,899)</u>	<u>164,408</u>
Cash Flows From Investing Activities				
Investment income	<u>1,632</u>	<u>6,393</u>	<u>50,103</u>	<u>58,128</u>
Cash Flows From Capital Related Financing Activities				
Acquisition and construction of capital assets	<u>(42,187)</u>	<u>-</u>	<u>-</u>	<u>(42,187)</u>
Net cash flows from capital and financing activities	<u>(42,187)</u>	<u>-</u>	<u>-</u>	<u>(42,187)</u>
Cash Flows From Noncapital Related Financing Activities				
Transfers (out) in	<u>(1,574)</u>	<u>(40,189)</u>	<u>(95)</u>	<u>(41,858)</u>
Net cash flows from noncapital financing activities	<u>(1,574)</u>	<u>(40,189)</u>	<u>(95)</u>	<u>(41,858)</u>
Net change in cash and cash equivalents	6,673	97,709	34,109	138,491
Cash and Cash Equivalents, Beginning	<u>121,667</u>	<u>633,008</u>	<u>3,152,660</u>	<u>3,907,335</u>
Cash And Cash Equivalents, Ending	<u><u>\$ 128,340</u></u>	<u><u>\$ 730,717</u></u>	<u><u>\$ 3,186,769</u></u>	<u><u>\$ 4,045,826</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities				
Operating income	\$ 13,645	\$ 131,962	\$ 13,059	\$ 158,666
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	22,136	-	-	22,136
Change in assets, deferred outflows/inflows and liabilities:				
Accounts receivable	-	-	(17,088)	(17,088)
Inventory	592	-	-	592
Prepayments	17,925	336	(46,973)	(28,712)
Accounts payable	(5,496)	(53)	(1,882)	(7,431)
Other current liabilities	-	(740)	50,381	49,641
Deferred inflow of resources	-	-	(13,396)	(13,396)
Net cash flow from operating activities	<u><u>\$ 48,802</u></u>	<u><u>\$ 131,505</u></u>	<u><u>\$ (15,899)</u></u>	<u><u>\$ 164,408</u></u>
Noncash Capital and Related Financing Activities				
None				