



Village Board  
Village of Hobart  
Hobart, Wisconsin

We have audited the financial statements of the Village of Hobart Tax Incremental District Number 1 (TID No. 1) as of and for the year ended December 31, 2022 and from the date the District was created through December 31, 2022, and have issued our report thereon dated January 8, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America as well as certain information related to the planned scope and timing of our audit in our Engagement Letter dated November 2, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### **Accounting policies**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TID No. 1 are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2022.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### **Accounting estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

##### **Financial statement disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***Disagreements with management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated January 8, 2024.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other audit findings or issues***

The following describes findings arising during the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process:

- We identified a material weakness in internal control related to a lack of segregation of duties.
- We identified a significant deficiency in internal control related to the Village's reliance on CLA to prepare the TID's financial statement.

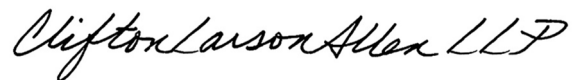
We have provided a separate communication to you dated, January 8, 2024 communicating compliance with requirements of tax incremental financing district laws and regulations.

**Supplementary information in relation to the financial statements as a whole**

With respect to the schedule of financial transactions (the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with financial reporting provisions of the Wisconsin Department of Revenue, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 8, 2024.

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This communication is intended solely for the information and use of the Village Board and management of TID No. 1, overlapping tax districts, and the Wisconsin Department of Revenue and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
January 8, 2024



January 8, 2024

CliftonLarsonAllen LLP  
1175 Lombardi Avenue  
Green Bay, WI 54304

This representation letter is provided in connection with your audit of the financial statements of the Village of Hobart (the Village) Tax Incremental District Number 1 (the District), as of December 31, 2022, which comprise the balance sheet, the historical summary of project costs, project revenues and net cost to be recovered through tax increments and the related historical summary of sources, uses and status of funds from the date the District was created through December 31, 2022, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting practices prescribed by the Wisconsin Department of Revenue which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm, to the best of our knowledge and belief, as of January 8, 2024, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2022, and from the date the District was created through December 31, 2022, and the related notes to the financial statements.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated November 2, 2022, for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed by the Wisconsin Department of Revenue which is a comprehensive basis of accounting other than U.S. GAAP.
2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates are reasonable.
5. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance

with the requirements of the accounting practices prescribed by the Wisconsin Department of Revenue which is a comprehensive basis of accounting other than U.S. GAAP.

6. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
7. We have not identified or been notified of any uncorrected financial statement misstatements.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with the accounting practices prescribed by the Wisconsin Department of Revenue which is a comprehensive basis of accounting other than U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

#### **Information Provided**

1. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
8. There are no known related-party relationships or transactions which need to be accounted for or disclosed.
9. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the District, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
10. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
11. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
12. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
13. Project costs and uses of funds have been appropriately classified in accordance with the requirements prescribed by Wisconsin State Statutes Section 66.1105 and the project plan.
14. Project revenues and sources of funds have been appropriately classified in accordance with the requirements prescribed by Wisconsin State Statutes Section 66.1105 and the project plan.
15. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
16. We acknowledge our responsibility for presenting the schedule of financial transactions (the supplementary information) in accordance with the requirements of the Wisconsin Department of Revenue, and we believe the supplementary information, including its form and content, is fairly presented in accordance with the requirements of the Wisconsin Department of Revenue. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

17. As part of your audit, you prepared the draft financial statements, related notes, and supplementary information. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, and supplementary information. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature:  Title: VILLAGE ADMINISTRATOR