

# VILLAGE OF HOBART, WISCONSIN



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

INCLUDING AUDITORS' REPORTS  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31,

2017

Prepared by Village Staff

Aaron Kramer

Village Administrator

Mary Smith, CMC, WCMC

Clerk Treasurer

# Village of Hobart, Wisconsin

DECEMBER 31, 2017

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May 1, 2018

Village President Richard R. Heidel  
Village Trustees  
Village of Hobart Citizens  
Village of Hobart  
Hobart, Wisconsin 54155

The comprehensive annual financial report for the Village of Hobart, Wisconsin for the fiscal year ended December 31, 2017, is hereby submitted. This report consists of management's representations concerning the finances of the Village of Hobart. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Hobart has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Village of Hobart's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village of Hobart's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Hobart's financial statements have been audited by Schenck SC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Hobart for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village of Hobart's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

General accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The Village of Hobart's MD&A can be found immediately following the report of the independent auditors.

#### **PROFILE OF THE GOVERNMENT**

The Village of Hobart is in northeast Wisconsin in Brown County, adjacent to the Austin Straubel International Airport approximately 120 miles northwest of the City of Milwaukee, bordering the western border of the City of Green Bay, and 20 miles northeast of the City of Appleton.

The Village encompasses approximately 33 square miles. The Town of Hobart was incorporated as the Village of Hobart on May 13, 2002. With a 2017 Wisconsin Department of Administration population estimate of 8,778, the population of Hobart has increased 42.0% since the 2010 Federal Census report of 6,182, and 72.5% since the 2000 Federal Census report of 5,090. The population and square mile statistics combine to produce a population density of 266 persons per square mile. This indicates ample land for future growth and orderly development. The Village of Hobart is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board.

The Village of Hobart operates under the board-administrator form of government. Policy making, and legislative authority are vested in a governing Village Board consisting of a Village President, elected for a three-year term, and four Trustees, elected at-large for two-year, staggered terms. The Village Board is elected on a non-partisan basis and is responsible, among other things, for passing ordinances, adopting the budget, appointing certain department directors, and member appointments to various boards, committees, and commissions. A Village Administrator is responsible for carrying out the policies and ordinances of the Village Board, for overseeing the day-to-day operations of the government, economic development, monitoring and lobbying on state and federal legislation affecting the Village, and annually compiling an executive budget recommendation, among other responsibilities.

The Village provides a full range of municipal services contemplated by statute or character, including public safety, streets, sanitation, parks/recreation/culture, public improvements, building safety and code compliance, neighborhood services, planning and zoning, water, sewer and storm water systems, and general administrative services. Public safety is provided with two fire stations and 29 volunteer firefighters, and a police department with 10.225 FTEs, which includes the Police Chief and Police/Administrative Clerk. The Public Works Division, in consultation with a contracted engineering firm, is responsible for the engineering, designing and inspection of Village construction projects, maintenance of public roadways within the Village, and a variety of other public works services throughout the year. The Village also provides for refuse and garbage disposal for its residents through an outside contract for services. Total full time equivalent (FTE) municipal employment numbers 2.375. The Pulaski Community School District and West DePere School District serve the Village and provides a comprehensive program for students in kindergarten through the twelfth grade. Higher education is provided by the University of Wisconsin-Green Bay and Northeast Wisconsin Technical College, both located in Green Bay, and St. Norbert College, located in DePere, Wisconsin.

The annual operating budget serves as the foundation for the Village of Hobart's financial planning and control. The operating budget includes proposed expenditures and the means of financing them and is legally enacted by Village Board action no later than December 1 each calendar year. The budget as enacted includes total expenditures at the organization level. An organization can be a department, division, fund or other activity. Expenditures cannot legally exceed appropriations at this level. The general fund, debt service fund, tax incremental districts, and capital projects fund have legally adopted budgets and associated levies. For the general fund, the budget-to-actual comparison is presented as part of the basic financial statements for the governmental funds.

The Village Board and staff work at length to achieve its budget priorities, and to move the Village further toward its started mission, which is as follows:

***The Village of Hobart officials and employees will lead the community in the delivery of the finest municipal services in the most cost-responsible manner to ensure a high quality of life and safe neighborhoods while maintaining flexibility to respond to the needs of citizens in our ever-changing community. Actions taken in pursuit of our mission will be in accordance with democratic principles and the Constitution of the United States of America.***

#### **FACTORS AFFECTING FINANCIAL CONDITION.**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village of Hobart operates. The basic financial statements focus on Hobart's financial position (existing resources and claims to those resources). Users of financial statements also desire information useful in assessing whether Hobart's financial position is likely to improve or deteriorate in the future (a government's economic condition). This letter provides relevant information for Hobart relating to each of the following:

**LONG-TERM FINANCIAL PLANNING.** The Village of Hobart has developed a Five-Year Capital Improvement Plan (CIP). The plan contains capital and infrastructure costs of \$2,500 or more based on the Village's capitalization policy. The CIP details annual funding sources, expenditures, and narrative descriptions for the capital improvements. The CIP is updated on an annual basis, and is used as a planning document during the annual budget process.

**STRATEGIC PLAN.** The Village of Hobart adopted its first ever Strategic Plan in 2014. This very inclusive process had Village stakeholders and decision-makers uprooting our core values to build upon, as well as our priority areas for

improvement. The Plan prioritized certain spending and projects initiatives for the years 2015-2017. 2017 initiatives were: develop pedestrian & bicycle plan; develop comprehensive property maintenance/community aesthetics program; develop existing business retention/expansion program; Police Department GIS mapping/targeted enforcement plan; and develop multi-year financial management plan/forecast.

**RELEVANT FINANCIAL POLICIES.** The Village of Hobart has adopted a comprehensive set of financial policies as guidelines for the annual budget process. The adopted policies consist of the following: General Fund Balance; Debt Management; Cash Management; Credit Card; Sewer Utility Fund Balance-Retained Earnings; and Green Bay Metropolitan Sewerage District Local Annual Rate Adjustment. The General Fund Balance policy was amended in 2017 to better address several long-term building space needs as well as an increased commitment in repairing the Village's road system.

**ECONOMIC INFORMATION/OUTLOOK.** The Village of Hobart is a growing community with an estimated 2017 population of 8,778 and a 2017 equalized valuation of \$816,331,800. The equalized valuation has grown by 32.62% since 2010 and 144.66% since 2000. Between 2017 and 2016, the Village gained 5.79% in the full value of its real and personal property, with the largest actual dollar increases in residential and commercial properties.

The Village of Hobart has continued a pattern of strong economic growth in 2017. The area's economic prosperity has translated into increased wages for the community and more spendable income to support new business development and growth. In 2017, the Village's top employer is Bayland Buildings-BayCo Properties, a real estate and commercial construction company with 188 employees. EMT International a web-processing designer and manufacturing company with 117 employees is the Village's second largest employer. Golf course and country club Thornberry Creek at Oneida has a staff of 65, Idealair Heating & Cooling, a plumbing and HVAC contractor has 47 employees, and engineering consultant firm Robert E. Lee & Associates has a workforce of 45.

For the past several years, the Village of Hobart has ranked near the top for new housing starts among all cities, villages and towns in the state of Wisconsin. In 2017, Hobart experienced 70 new single-family housing starts, 10 multi-family structures, and 167 multi-family dwelling units. The total 2017 residential permit valuation totaled \$30,429,981. The Village has established two tax increment districts (TIDs); TID 1 in 2009 and TID 2 in 2011. The focused economic development of the Village within these two TIDs has resulted in \$151,382,700 in equalized incremental value. TID 1 had \$116,482,600 in equalized incremental value upon updated assessments as of January 1, 2017, and TID 2 had \$34,900,100 equalized incremental value. Recent TID 1 development activities consist of adopting a public use space sub-area plan and completion of a multi-use pedestrian pathway trail loop. TID 1 development agreements were executed for Emerald Bay Expansion, constructing an additional twenty-four assisted living dwelling units and twenty new memory care dwelling units at an estimated value of \$6.1M. Aria Place, a high image leased residence consisting of 108 units at an estimated value of \$9.7M. Centennial MarketPlace LLC the Village's first commercial building within Centennial Centre is valued at \$1.6M. Founders Terrace and Larsen Orchard Parkway phase one construction is nearing completion in TID 1. Riva Place, a 48-unit apartment complex, was started in late 2017. Additional road extensions and improvements were started in late 2017 to open more areas for development. Recent TID 2 activities feature development agreements for the following: Tailwind Crossings, LLC First Addition to add an additional 13 single-family residential homes with an estimated value at \$3.75M; Peds, LLC a commercial business with an estimated value of \$500,000; TRI-HB, LLC a commercial business expansion of a 22,000 sq. ft. building with an estimated value of \$800,000; and Arvada Project, a multi-family residential dwelling consisting of 147 units with an estimated value of \$10.4M; Synergy, an athletic training complex, with an estimated value of \$1.2 million (2017). Additional property for industrial and commercial development was acquired in 2017.

Despite the Village's focused economic development, strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. High-end residential building, with homes valued at \$500,000-\$1,800,000, continues in the Thornberry Creek and Stone Gables subdivisions. More moderately priced subdivisions including Polo Point, Polo Point II, and Fieldstone Estates are rapidly approaching their respective build-outs much faster than expected.

The non-seasonal adjusted unemployment rate for the Village of Hobart in December 2017 was 2.4 percent, which is a decrease from the 3.3 percent rate for December 2016. The state's non-seasonal adjusted December unemployment rate was 2.7 percent, with a U.S. non-seasonal unemployment rate of 4.1 percent.

The Village continues to update the Village's homepage and website, ([www.hobart-wi.org](http://www.hobart-wi.org)), including the compilation and coordination of website information for all Village departments and services. The Village also has a separate economic development website ([www.buildinhobart.com](http://www.buildinhobart.com)) aimed at business attraction and recruitment efforts. The website is a very aesthetically-pleasing and user-friendly tool to market developable property.

Continuing a team effort that began in 2014, the Village staff formally implemented the new "logo" (see cover page) and tagline: "Greatness is Growing." The re-branding was part of a larger marketing strategy. New community and gateway signage and placemaking strategies featuring the new logo/tagline was implemented from 2015 through 2017.

#### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hobart, Wisconsin for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

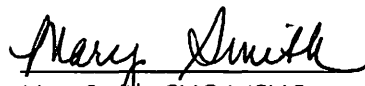
#### **ACKNOWLEDGEMENTS**

The preparation of this report could not have been accomplished without the efficient and dedicated services of all Village Departments. We would like to express our appreciation to Village team members who assisted and contributed to the preparation of this report. We would also like to thank the Village Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Hobart's finances.

Respectfully submitted,



Aaron Kramer  
Village Administrator



Mary Smith, CMC, WCMC  
Clerk/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Wisconsin**

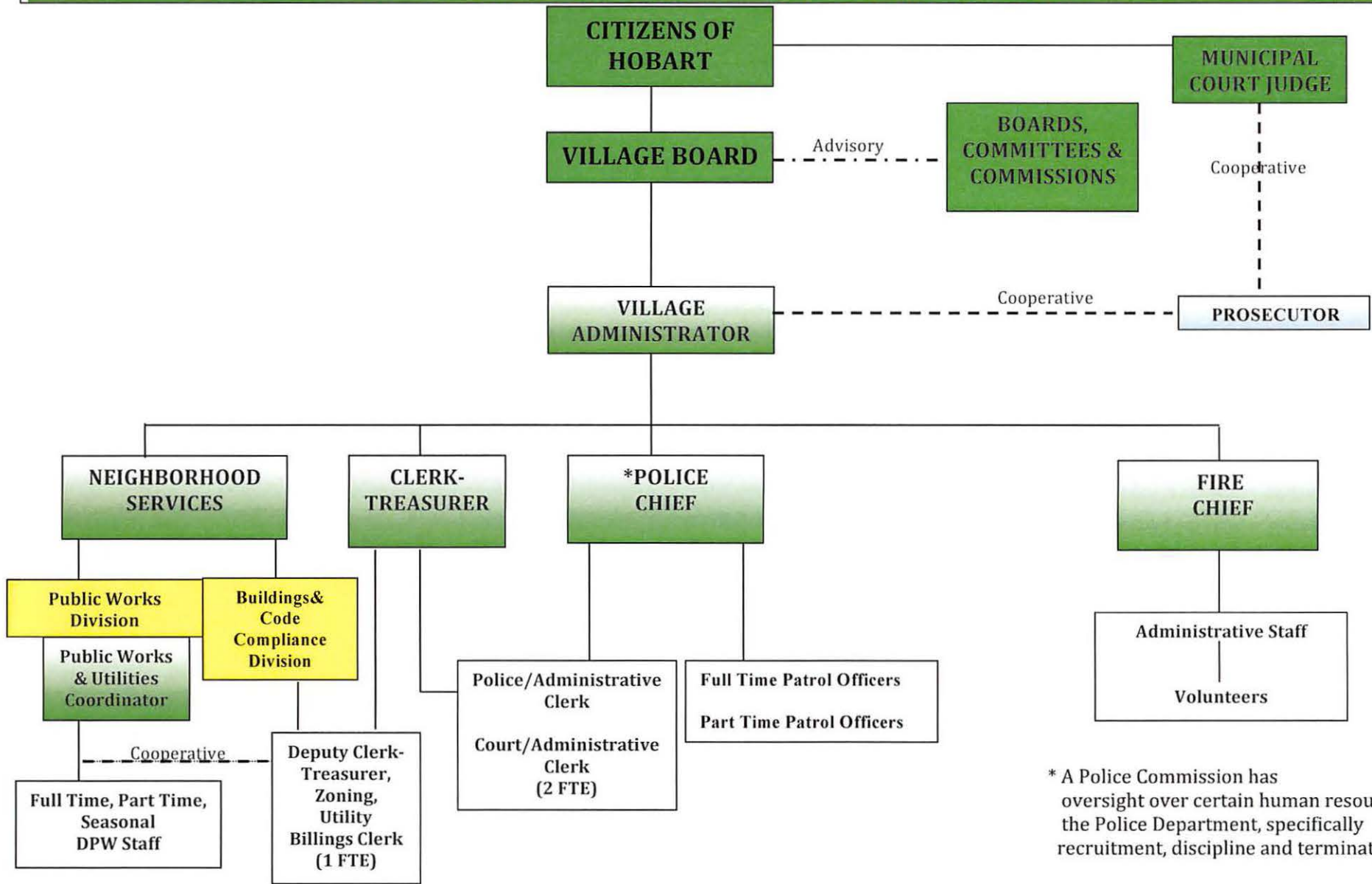
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

# VILLAGE OF HOBART, WI ORGANIZATIONAL CHART



\* A Police Commission has oversight over certain human resources of the Police Department, specifically recruitment, discipline and termination.

GENERAL INFORMATION  
VILLAGE OF HOBART ELECTED OFFICIALS  
December 31, 2017

		Term Expires
PRESIDENT	Richard R. Heidel	April 2020
TRUSTEES	Tim Carpenter	April 2019
	David Dillenberg	April 2019
	Ed Kazik	April 2018
	Debbie Schumacher	April 2018

## GENERAL INFORMATION

### VILLAGE OF HOBART DEPARTMENT HEADS / APPOINTED OFFICIALS

December 31, 2017

		Length of Time In This Position	Length of Employment With Village of Hobart
Administrator	Aaron Kramer*	.84 years	.84 years
Police Chief	Randy Bani	14 1/2 years	14 1/2 years
Fire Chief (volunteer)	Jerry Lancelle	6 years	29 years
Director of Neighborhood Services	Allyn Dannhoff	8 years	8 years
Accounting-Financial Services Consultant	Brian Ruechel	7 1/2 years	7 1/2 years
Clerk / Treasurer	Mary Smith	34 1/2 years	34 1/2 years
Deputy Clerk / Treasurer	Cindy Kocken	19 1/2 years	19 1/2 years
Public Works Coordinator	Jerry Lancelle	6 1/2 years	6 1/2 years

\* On March 6, 2017, Aaron Kramer began his employment as the Administrator, he was previously the Administrator for the City of Prairie Du Chien, Wisconsin.

CERTIFIED PUBLIC ACCOUNTANTS  
Schenck SC, Green Bay, Wisconsin

BOND COUNSEL  
Quarles & Brady, Milwaukee, Wisconsin

FINANCIAL CONSULTANT  
Public Finance Management, Inc., Milwaukee, Wisconsin

## Independent auditors' report

To the Village Board  
Village of Hobart, Wisconsin

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hobart, Wisconsin (the "Village") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village'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 of 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 auditors consider internal control relevant to the Village'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 Village'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, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 25 and the schedules relating to pensions on page 60 be presented to supplement the basic financial statements. Such information, although not 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, financial information listed in the table of contents as supplementary information, and the statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **REPORT ON SUMMARIZED FINANCIAL INFORMATION**

We have previously audited the Village's 2016 financial statements, and our report dated May 1, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2018, on our consideration of the Village'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 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 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 Village's internal control over financial reporting and compliance.



Certified Public Accountants

Green Bay, Wisconsin

May 4, 2018

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

As management of the Village of Hobart, Wisconsin, we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5 - 8 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2017 by \$14,674,300 (*net position*). Of this amount, (\$4,356,804) (unrestricted net position) is negative because the Village has issued debt for noncapital items relating to development projects in Tax Incremental Districts;
- The Village's net position decreased by \$393,062 due primarily to developer projects financed by debt proceeds, to be recovered from future tax increments;
- As of December 31, 2017, the Village's governmental funds reported combined ending fund balances of \$7,054,550, an increase of \$2,254,460 in comparison with the prior year. The increase resulted from additional fund balance accumulation for future capital outlay projects in our tax incremental districts. Approximately, 0.1% is non-spendable for a general fund prepayment of \$6,352 and \$963 for K-9 inventory. Approximately, 2.8%, \$197,855 is restricted for park development and memorial brick/trees. Approximately, 2.5%, \$176,916 is restricted for tax levy supported debt relief. Approximately, 51.1%, \$3,603,874 is restricted for capital projects in tax incremental districts. Approximately, 27.8%, \$1,964,028 is assigned for development, capital projects, and K-9 program. Approximately 15.7%, \$1,104,562 is unassigned and *available for spending* at the Village's discretion;
- As of December 31, 2017, the unassigned general fund balance of \$1,104,562 was approximately 33.2% of total general fund expenditures;
- The Village's total debt increased by \$4,277,836 during 2017. On August 1, 2017, \$4,065,000 general obligation promissory notes and \$2,140,000 taxable general obligation promissory notes were issued for financing economic development projects in the Village's tax increment districts;
- The Village's 2017 long-term debt credit rating issued by Standard and Poor's was AA with a stable outlook.
- On March 31, 2015, the Green Bay/Brown County Professional Football Stadium District Board completed the certifications necessary to end the football stadium district sales tax on September 30, 2015. Wisconsin Statutes 2015 Act 114 provided a mechanism for football stadium district sales taxes collected or imposed between April 1, 2015 and September 30, 2015 to be paid back to Brown County and municipalities within the County. Act 114 specifies this payment must be used only for the purpose of tax relief, tax levy supported debt relief, or economic development. On February 4, 2016, the Village Board passed a resolution which specified the use of Act 114 funds for tax levy supported debt relief. To date, the Village of Hobart's portion of the sales taxes collected or imposed was \$432,858, with \$406,658 received in 2015, \$13,277 received in 2016, and \$12,923 was received in 2017.

### Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplemental 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 Village's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Village's net position changed during the most recent 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.

Both of the government-wide financial statements distinguish functions of the Village 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 Village include: general government, public safety, public works, conservation and development, and interest on debt. The business-type activities of the Village include water, sewer, and storm water utilities.

The government-wide financial statements can be found on pages 26 - 28 of this report.

In 2015, the Village changed accounting policies related to pension accounting by adopting Statement of Governmental Accounting Standards Board (GASB) No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The statement of net position reflects the Village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. For purposes of measuring the net pension liability (asset), deferred outflow/inflows of resources related to pension, 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.

Required supplementary information found on page 60 of this report recognizes GASB No. 68 schedules.

The Village changed accounting policies related to tax abatements by adopting GASB Statement No. 77, Tax Abatement Disclosures in 2016. The Village has created tax incremental financing districts in accordance with Wisconsin Tax Incremental Law. As part of the project plan for the districts, the Village entered into agreements with developers for the creation of tax base within the districts. The agreements require the Village to make annual repayments of property taxes collected within the district to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements. For the year ended December 31, 2017, the Village abated property taxes totaling \$865,807 under this program. Note 4(B) on pages 58-59 of this report, discloses the required GASB 77 financial information.

## 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 Village, 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 Village can be divided into two categories: governmental funds and proprietary 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 fund financial statements focus on *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 the Village's near-term financing requirements.

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 Village'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 Village maintains six 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, debt service fund, tax increment district #1 fund, tax increment district #2 fund, and capital projects fund which are all considered to be major funds. In 2016, the Village implemented a K-9 program and this nonmajor fund accounts for all financial activity relating to the K-9 program.

The Village adopts an annual appropriated budget for its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 29 - 35 of this report.

Supplementary information found on pages 61 - 67 of this report provides budget comparison statements for all major governmental funds.

## **Proprietary Funds**

The Village maintains a single type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its water, sewer and storm water utilities.

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 water, sewer and storm water utilities funds, all of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 36 - 39 of this report.

## **Notes to the Basic 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 basic financial statements can be found on pages 40 - 59 of this report.

## **Other Information**

Required supplementary and supplementary schedules can be found on pages 60 - 67.

## Government-wide Financial Analysis

### Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,674,300 at the close of 2017.

The chart below details the Village of Hobart's Net Position.

Village of Hobart's Net Position (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 30,596	\$ 26,716	\$ 2,043	\$ 1,571	\$ 32,639	\$ 28,287
Capital assets	12,313	11,496	20,323	20,607	32,636	32,103
Total Assets	42,909	38,212	22,366	22,178	65,275	60,390
<b>Deferred outflows of resources</b>						
Related to pension	425	557	106	150	531	707
<b>Liabilities</b>						
Long-term liabilities outstanding	26,873	22,062	6,217	6,724	33,090	28,786
Net pension liability	53	98	14	27	67	125
Other liabilities	10,797	10,389	233	272	11,030	10,661
Total Liabilities	37,723	32,549	6,464	7,023	44,187	39,572
<b>Deferred inflows of resources</b>						
Property taxes	6,730	6,190	-	-	6,730	6,190
Related to pension	170	210	45	58	215	268
Total deferred inflows of resources	6,900	6,400	45	58	6,945	6,458
<b>Net position</b>						
Net investment in capital assets	4,242	3,498	14,106	13,883	18,348	17,381
Restricted	683	380	-	-	683	380
Unrestricted	(6,214)	(4,058)	1,857	1,364	(4,357)	(2,694)
Total Net Position	\$ (1,289)	\$ (180)	\$ 15,963	\$ 15,247	\$ 14,674	\$ 15,067

The Village reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the Village's investment in its 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. At December 31, 2017 the governmental activities unrestricted net position is negative because the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts.

Also noted earlier, the Village adopted Statement of Governmental Accounting Standards Board (GASB) No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The statement of net position reflects the Village's proportionate share of the Wisconsin Retirement System pension plan along with any deferred outflows and inflows of resources related to pension which are amortized over the expected remaining service lives of the pension plan participants.

An additional portion of the Village's governmental net position \$682,702 is subject to external restrictions on how they may be used. \$484,847 is restricted for Tax Incremental District #1 project plan development, \$192,522 for park development and \$5,333 is restricted for memorial bricks and trees.

### **Change in Net Position**

The Village's governmental activities net position at the end of the year amounted to (\$1,288,515). The change in net position during 2017 was a decrease of \$1,108,814 because the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts.

Net position of the water utility enterprise fund at the end of the year amounted to \$7,156,403. The change in net position during 2017 was a decrease of \$30,501. Operating income of \$93,104 and capital contributions of \$11,632, were less than nonoperating revenues (expenses) of \$93,089 and transfer out of \$42,148 resulting in the net position decrease. The 2017 operating income of \$93,104 resulted from operating revenues of \$880,490 exceeding operating expenditures of \$787,386 and the operating income was consistent with the prior year.

Net position of the sewer utility enterprise fund at the end of the year amounted to \$5,235,224. The change in net position during 2017 was an increase of \$405,858. Operating income of \$227,925, capital contributions and transfers of \$70,488 and \$219,739, exceeded nonoperating revenues (expenses) of \$112,294 resulting in the net position increase. The 2017 operating income of \$227,925 resulted from operating revenues of \$1,239,745 exceeding operating expenditures of \$1,011,820 and the operating income was consistent with the prior year.

Net position of the storm water utility enterprise fund at the end of the year amounted to \$3,571,188. The change in net position during 2017 was an increase of \$340,395. Operating income of \$246,748, nonoperating revenues of \$1,756, and capital contributions of \$91,891 resulted in the net position increase. The 2017 operating income of \$246,748 resulted from operating revenues of \$489,732 exceeding operating expenditures of \$242,984 and the operating income was consistent with the prior year.

Key elements of the Village's change in net position are shown below.

Village of Hobart's Change in Net Position (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 1,255	\$ 1,069	\$ 2,579	\$ 2,393	\$ 3,834	\$ 3,462
Operating grants and contributions	328	397	-	-	328	397
Capital grants and contributions	59	-	174	859	233	859
<b>General Revenues</b>						
Property taxes	4,401	4,504	-	-	4,401	4,504
Other taxes	75	76	-	-	75	76
Grants and contributions not restricted to specific programs	66	67	-	-	66	67
Gain (loss) on sale of assets	32	(733)	-	-	32	(733)
Other	89	129	47	34	136	163
<b>Total Revenues</b>	<b>6,305</b>	<b>5,509</b>	<b>2,800</b>	<b>3,286</b>	<b>9,105</b>	<b>8,795</b>
<b>Expenses</b>						
General government	1,110	749	-	-	1,110	749
Public safety	1,709	1,558	-	-	1,709	1,558
Public works	1,075	1,277	-	-	1,075	1,277
Conservation and development	2,544	1,559	-	-	2,544	1,559
Interest on long-term debt	798	660	-	-	798	660
Water utility	-	-	881	957	881	957
Sewer utility	-	-	1,138	1,088	1,138	1,088
Storm water utility	-	-	243	315	243	315
<b>Total Expenses</b>	<b>7,236</b>	<b>5,803</b>	<b>2,262</b>	<b>2,360</b>	<b>9,498</b>	<b>8,163</b>
Change in Net Position Before Transfers	(931)	(294)	538	926	(393)	632
Transfers	(178)	44	178	(44)	-	-
Change in Net Position	(1,109)	(250)	716	882	(393)	632
Net Position - January 1	(180)	70	15,247	14,365	15,067	14,435
Net Position - December 31	\$ (1,289)	\$ (180)	\$ 15,963	\$ 15,247	\$ 14,674	\$ 15,067

## Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

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

As of December 31, 2017, the Village's governmental funds reported combined ending fund balances of \$7,054,550, an increase of \$2,254,460 in comparison with the prior year. The increase resulted from additional fund balance accumulation for future capital outlay projects in our tax incremental districts. Approximately 15.7% of this amount (\$1,104,562) constitutes *unassigned fund balance*, which is available for spending at the Village's discretion. The remainder of fund balance is not available for new spending because it has already been committed for the following: nonspendable for general fund prepayments (\$6,352) and K-9 inventory (\$963), restricted for park development and memorial brick/trees (\$197,855), restricted for tax incremental districts capital projects (\$3,603,874), restricted for tax levy supported debt relief (\$176,916), and assigned for development capital projects (\$1,934,910) and K-9 program (\$29,118).

The general fund is the main operating fund of the Village. At the end of the current year, unassigned fund balance of the general fund was \$1,104,562. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 33.2% of total general fund expenditures.

The fund balance of the Village's general fund decreased by \$107. The small decrease resulted from expenditures of \$3,328,037 and transfers out of \$201,621 exceeding revenues of \$3,487,403 and transfer in of \$42,148. The \$201,621 general fund transfer to the capital projects fund for financing future capital projects was performed based on 2016 general fund final audited results in accordance with the General Fund Balance Policy adopted by the Village Board.

Tax increment finance (TIF) district #1 fund balance of \$2,710,783 and TIF district #2 fund balance of \$2,040,847, represents unspent revenues related towards future development in the Village's two TIF districts. District #1 was created in 2009 and District #2 was created in 2011.

The capital projects fund has a total fund balance of \$787,154 which represents unspent revenues and transfers in being carried over for financing future capital projects.

### Proprietary Funds

The Village's proprietary funds provide the same type of information found in the Village's government-wide financial statements, but in more detail.

Unrestricted net position of the water utility enterprise fund at the end of the year amounted to \$966,660. Total net position was \$7,156,403 a decrease in net position of (\$30,501). Nonoperating revenues (expenses) of (\$93,089) plus transfers out of \$(42,148), plus operating income of \$93,104 and capital contributions of \$11,632 resulted in the net position decrease. The 2017 operating income was consistent with the prior year.

Unrestricted net position of the sewer utility enterprise fund at the end of the year amounted to \$196,979. Total net position was \$5,235,224 and the total increase in net position was \$405,858. Nonoperating revenues (expenses) of (\$112,294), plus capital contributions of \$70,488, transfers in of \$219,739, and operating income of \$227,925 resulted in the net position increase. The 2017 operating income was consistent with the prior year and the transfer in was to offset a 2016 year-end cash fund deficit.

Unrestricted net position of the storm water utility enterprise fund at the end of the year amounted to \$693,153. Total net position was \$3,571,188 and the total increase in net position was \$340,395. Capital contributions of \$91,891, nonoperating revenues of \$1,756, and operating income of \$246,748 resulted in the net position increase. The 2017 operating income was consistent with the prior year.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

## General Fund Budget Highlights

The Village Board on September 5, 2017 approved an amendment to the 2017 original adopted General Fund Budget increasing revenues by \$154,522 and expenditures and transfers out by \$247,753. Although the amended budget shows a deficit, surplus funds that were transferred from 2016 will offset this deficit at year's end. At the time of the amendment, the revenue adjustment was based on Building permit revenue up 250% and the expenditure adjustment reflected 2016 general fund surplus funds transferred to the Capital Projects Fund.

Actual year-end revenues exceeded budgeted revenues by \$164,683 primarily due to positive variances in building and park fee permits, court fines and penalties, general reimbursements, and other cumulative small variances within departmental line items.

Actual year-end expenditures exceeded the budget by \$66,907 due to increased legal costs relating to Oneida Indian tribal affairs.

## Capital Asset and Debt Administration

### Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to \$32,635,315 (net of accumulated depreciation). This investment in capital assets includes land, buildings and land improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the Village's investment in capital assets for the current year was \$532,173.

Village of Hobart's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 2,373,548	\$ 2,343,548	\$ 573,701	\$ 573,701	\$ 2,947,249	\$ 2,917,249
Buildings and improvements	1,127,224	1,127,224	23,370,943	23,150,132	24,498,167	24,277,356
Machinery and equipment	2,502,393	2,057,273	4,492,794	4,393,777	6,995,187	6,451,050
Infrastructure	9,362,371	7,505,132	-	-	9,362,371	7,505,132
Construction in progress	174,027	1,514,063	-	-	174,027	1,514,063
Subtotal	15,539,563	14,547,240	28,437,438	28,117,610	43,977,001	42,664,850
Less: accumulated depreciation	3,226,982	3,050,944	8,114,704	7,510,764	11,341,686	10,561,708
Net Capital Assets	\$ 12,312,581	\$ 11,496,296	\$ 20,322,734	\$ 20,606,846	\$ 32,635,315	\$ 32,103,142

During 2017, land increased \$30,000 for governmental activities, buildings and improvements capital assets increased \$220,811 for business-type activities, machinery and equipment assets increased \$445,120 for governmental and \$99,017 for business activities, infrastructure increased \$1,857,239 for governmental activities, construction in progress decreased \$1,340,036 for governmental activities.

In 2017, machinery and equipment increases are in relation towards the Village replacing DPW trucks and a new police vehicle. Increases in Village infrastructure are in relation towards completion of utility street and construction projects. Additional government activities include purchases for public spaces within TIF 1, construction in relation to the Street and Walking Path project, and the continuation of infrastructure for our TIF 2 Tailwind Crossing subdivision.

An increase of \$779,978 was recognized in accumulated depreciation for the Village's capital assets. The Village's estimate of the depreciable life of capital assets is based upon analysis of the expected useful life of the capital assets. The Village evaluated key factors and assumptions used to develop the depreciable life of the assets and determined they are reasonable in relation to the financial statements.

More detailed information on the Village's capital asset activity may be found in Note 3.B on page 49 of the notes to the financial statements.

## Long-term Debt

At the end of the current fiscal year, the Village had total debt outstanding of \$32,721,961. Of this amount, \$31,113,820 comprises debt backed by the full faith and credit of the government and \$1,608,141 is for interceptor costs being paid to the Green Bay Metropolitan Sewerage District (Green Bay MSD).

<b>Village of Hobart's Outstanding Debt</b>						
General Obligation Debt and Notes Payable						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
General Obligation Debt	\$ 26,505,250	\$ 21,720,000	\$ 4,608,570	\$ 4,908,007	\$ 31,113,820	\$ 26,628,007
Notes payable -						
Green Bay MSD	-	-	1,608,141	1,816,118	1,608,141	1,816,118
<b>Total</b>	<b>\$ 26,505,250</b>	<b>\$ 21,720,000</b>	<b>\$ 6,216,711</b>	<b>\$ 6,724,125</b>	<b>\$ 32,721,961</b>	<b>\$ 28,444,125</b>

During 2017, the Village's total debt increased by \$4,277,836. On August 1, 2017, \$4,065,000 general obligation promissory notes and \$2,140,000 taxable general obligation promissory notes were issued for financing economic development projects in the Village's tax increment districts. The \$4.065 million general obligation promissory notes have interest rates ranging from 2.00% to 2.25% in 2018 thru 2027, and the \$2.140 million taxable general obligation promissory notes have interest rates ranging from 1.35% to 2.15% in 2018 thru 2022. The Village had the following 2017 principal debt retirement: \$1,419,750 in governmental activity general obligation debt, \$299,437 in business-type activity general obligation debt, and \$207,977 in notes payable – Green Bay MSD.

State statutes limit the amount of general obligation debt the Village may issue to 5% of its total equalized valuation. The current debt limitation for the Village is \$40,816,590, which is significantly more than the Village's \$30,936,904 net outstanding general obligation debt applicable to the limit. The total net outstanding general obligation debt applicable to the debt limit is 75.79% which meets the percentage requirement of the Debt Management Policy adopted by the Village Board.

The Village's 2017 long-term debt credit rating issued by Standard and Poor's was AA with a stable outlook. Factors cited for the rating were: very strong economy; very strong budget flexibility; strong budgetary performance; very strong liquidity; strong management conditions; weak debt and contingent liability position; and adequate institutional framework.

More detailed information on the Village's long-term debt activity may be found in Note 3.D on pages 51 - 52 of the notes to the financial statements.

## Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Village of Hobart and were considered in developing the 2018 fiscal year budget.

- The unemployment rate for the Village of Hobart is currently 2.4 percent which is a decrease from the 3.3 percent rate a year ago;
- Taxable assessed value for the Village increased by 4.1 percent;
- A 0% property tax rate increase (Village-only tax rate) with no service or employee reductions;
- A wage adjustment of \$0.40 per hour increase for all full-time employees, with an additional tenure-based increase of \$100 per year of service to the Village;
- Position of Assistant to the Village Administrator (which has been vacant since May 2017) has not be refilled, resulting in salary and benefit savings;
- Additional full-time patrol officer for Hobart Lawrence Police Department;
- Major increase in funding for road repairs;
- New equipment purchases for Police, Fire, and Public Works;
- Continue reserve funding for large future capital outlays, increasing where possible;
- Implementing plans for an additional water tower;
- Debt payment is a slight decrease from 2017;
- Accommodating Strategic Plan Initiatives for 2018;
- Implementing a contingency fund representing 2% of the overall budget.

The Village is experiencing a tremendous growth in tax base, but much of the growth is contained within the two Tax Increment Districts. This provides relatively little general tax base support to mitigate tax rate increases to accommodate the array of budgetary challenges outlined above.

For the past several years, the Village of Hobart has ranked near the top for new housing starts among all cities, villages and towns in the state of Wisconsin. In 2017, Hobart experienced 70 new single-family housing starts, 10 multi-family structures, and 167 multi-family dwelling units. The total residential permit valuation totaled \$30,429,981 in 2017.

The Village has established two tax increment districts (TIDs); TID 1 in 2009 and TID 2 in 2011. The focused economic development of the Village within these two TIDs has resulted in \$151,382,700 in *equalized* incremental value. TID 1 had \$116,482,600 in *equalized* incremental value upon updated assessments as of January 1, 2017 and TID 2 had \$34,900,100 *equalized* incremental value. Recent TID 1 development activities consist of adopting a public use space sub-area plan and completion of a multi-use pedestrian pathway trail loop. TID 1 development agreements were executed for Emerald Bay Expansion, constructing an additional twenty-four assisted living dwelling units and twenty new memory care dwelling units at an estimated value of \$6.1M. Aria Place, a high image leased residence consisting of 108 units at an estimated value of \$9.7M. Centennial MarketPlace LLC the Village's first commercial building within Centennial Centre valued at \$1.6M. Founders Terrace and Larsen Orchard Parkway phase one construction is nearing completion in TID 1. Riva Place, a 48-unit apartment complex, was started in late 2017. Additional road extensions and improvements were started in late 2017 to open more areas for development. Recent TID 2 activities feature development agreements for the following: Tailwind Crossings, LLC First Addition to add an additional 13 single-family residential homes with an estimated value at \$3.75M; Peds, LLC a commercial business with an estimated value of \$500,000; TRI-HB, LLC a commercial business expansion of a 22,000 sq. ft. building with an estimated value of \$800,000; and Arvada Project, a multi-family residential dwelling consisting of 147 units with an estimated value of \$10.4M; Synergy, an athletic training complex, with an estimated value of \$1.2 million (2017). Additional property for industrial and commercial development was acquired in 2017.

Despite the Village's focused economic development strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. High-end residential building, with homes valued at \$500,000-\$1,800,000, continues in the Thornberry Creek and Stone Gables subdivisions. More moderately priced subdivisions including Polo Point, Polo Point II, and Fieldstone Estates are rapidly approaching their respective build-outs much faster than expected.

The Village is experiencing population growth that, by percentage, is among the fastest rates of population growth in the state. State Department of Administration projections show Hobart to be one of the fastest growing city, village or town's over the next 20 years.

## **Contacting the Village's Financial Management**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Village Administrator, 2990 S. Pine Tree Road, Hobart, Wisconsin 54155.

## BASIC FINANCIAL STATEMENTS

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# Village of Hobart, Wisconsin

## STATEMENT OF NET POSITION

DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Totals	
			2017	2016
<b>ASSETS</b>				
Cash and investments	\$ 9,194,269	\$ 1,458,510	\$ 10,652,779	\$ 9,773,082
Receivables				
Taxes and special charges	15,020,811	-	15,020,811	12,319,060
Delinquent taxes	10,230	-	10,230	9,728
Accounts	57,634	423,370	481,004	468,450
Special assessments	-	160,923	160,923	178,927
Inventories and prepaid items	7,315	-	7,315	247
Assets held for resale	6,306,070	-	6,306,070	5,537,092
Assets held for future use	-	508,671	508,671	508,671
Capital assets, nondepreciable	2,547,575	65,030	2,612,605	3,922,641
Capital assets, depreciable	9,765,006	19,749,033	29,514,039	27,671,830
Total assets	42,908,910	22,365,537	65,274,447	60,389,728
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related amounts	424,659	106,307	530,966	707,798
<b>LIABILITIES</b>				
Accounts payable	816,160	147,646	963,806	676,831
Accrued and other current liabilities	85,045	8,473	93,518	65,467
Due to other governments	9,590,148	-	9,590,148	9,614,823
Accrued interest payable	301,345	77,027	378,372	294,087
Special deposits	4,827	-	4,827	9,637
Long-term obligations				
Due within one year	1,580,794	521,953	2,102,747	1,960,081
Due in more than one year	25,291,498	5,694,758	30,986,256	26,826,042
Net pension liability	52,734	13,995	66,729	125,283
Total liabilities	37,722,551	6,463,852	44,186,403	39,572,251
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	6,729,299	-	6,729,299	6,190,321
Pension related amounts	170,234	45,177	215,411	267,592
Total deferred inflows of resources	6,899,533	45,177	6,944,710	6,457,913
<b>NET POSITION</b>				
Net investment in capital assets	4,242,379	14,106,023	18,348,402	17,381,232
Restricted	682,702	-	682,702	379,824
Unrestricted	(6,213,596)	1,856,792	(4,356,804)	(2,693,694)
Total net position	\$ (1,288,515)	\$ 15,962,815	\$ 14,674,300	\$ 15,067,362

The notes to the basic financial statements are an integral part of this statement.

# Village of Hobart, Wisconsin

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,109,555	\$ 70,903	\$ -	\$ -
Public safety	1,709,446	547,058	76,921	-
Public works	1,074,981	440,353	250,536	-
Conservation and development	2,543,794	196,949	-	59,300
Interest and fiscal charges	797,891	-	-	-
Total governmental activities	<u>7,235,667</u>	<u>1,255,263</u>	<u>327,457</u>	<u>59,300</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water utility	881,180	880,490	-	11,632
Sewer utility	1,138,098	1,208,545	-	70,488
Storm water utility	242,984	489,732	-	91,891
Total business-type activities	<u>2,262,262</u>	<u>2,578,767</u>	<u>-</u>	<u>174,011</u>
<b>Total</b>	<u>\$ 9,497,929</u>	<u>\$ 3,834,030</u>	<u>\$ 327,457</u>	<u>\$ 233,311</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Excess stadium district sales tax

Other taxes

Federal and state grants and other contributions  
not restricted to specific functions

Interest and investment earnings

Miscellaneous

Gain on sale of asset

Transfers

Total general revenues and transfers

**Change in net position**

**Net position - January 1**

**Net position - December 31**

*The notes to the basic financial statements are an integral part of this statement.*

**Net (Expense) Revenue  
and Changes in Net Position**

Governmental Activities	Business-type Activities	Totals	
		2017	2016
\$ (1,038,652)	\$ -	\$ (1,038,652)	\$ (625,544)
(1,085,467)	-	(1,085,467)	(964,657)
(384,092)	-	(384,092)	(581,727)
(2,287,545)	-	(2,287,545)	(1,505,257)
(797,891)	-	(797,891)	(660,012)
<u>(5,593,647)</u>	<u>-</u>	<u>(5,593,647)</u>	<u>(4,337,197)</u>
-	10,942	10,942	120,685
-	140,935	140,935	396,498
-	<u>338,639</u>	<u>338,639</u>	<u>374,605</u>
-	490,516	490,516	891,788
<u>(5,593,647)</u>	<u>490,516</u>	<u>(5,103,131)</u>	<u>(3,445,409)</u>
1,651,525	-	1,651,525	1,540,222
538,560	-	538,560	420,754
2,210,542	-	2,210,542	2,543,362
12,923	-	12,923	13,277
61,906	-	61,906	63,422
66,421	-	66,421	67,045
19,994	14,689	34,683	22,971
68,203	32,956	101,159	139,935
32,350	-	32,350	(733,317)
(177,591)	<u>177,591</u>	<u>-</u>	<u>-</u>
<u>4,484,833</u>	<u>225,236</u>	<u>4,710,069</u>	<u>4,077,671</u>
(1,108,814)	715,752	(393,062)	632,262
<u>(179,701)</u>	<u>15,247,063</u>	<u>15,067,362</u>	<u>14,435,100</u>
<u>\$ (1,288,515)</u>	<u>\$ 15,962,815</u>	<u>\$ 14,674,300</u>	<u>\$ 15,067,362</u>

# Village of Hobart, Wisconsin

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Tax Incremental District #1</u>	<u>Capital Projects</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,798,143	\$ 176,916	\$ 2,932,582	\$ 1,054,813
Receivables				
Taxes and special charges	10,961,100	548,000	2,136,549	682,157
Delinquent taxes	10,230	-	-	-
Accounts	57,634	-	-	-
Due from other funds	-	-	-	-
Inventories and prepaid items	6,352	-	-	-
	<u>6,352</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 13,833,459</u>	<u>\$ 724,916</u>	<u>\$ 5,069,131</u>	<u>\$ 1,736,970</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 165,240	\$ -	\$ 221,605	\$ 267,659
Accrued and other current liabilities	84,657	-	194	-
Due to other governments	9,590,148	-	-	-
Special deposits	4,827	-	-	-
	<u>4,827</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>9,844,872</u>	<u>-</u>	<u>221,799</u>	<u>267,659</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	2,669,588	548,000	2,136,549	682,157
Delinquent taxes and assessments	10,230	-	-	-
	<u>10,230</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,679,818</u>	<u>548,000</u>	<u>2,136,549</u>	<u>682,157</u>
Fund balances				
Nonspendable for inventories and prepaid items	6,352	-	-	-
Restricted	197,855	176,916	1,563,027	-
Assigned	-	-	1,147,756	787,154
Unassigned	1,104,562	-	-	-
	<u>1,104,562</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,308,769</u>	<u>176,916</u>	<u>2,710,783</u>	<u>787,154</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,833,459</u>	<u>\$ 724,916</u>	<u>\$ 5,069,131</u>	<u>\$ 1,736,970</u>

*The notes to the basic financial statements are an integral part of this statement.*

Tax Incremental District #2	Non-Major K-9 Fund	Totals	
		2017	2016
\$ 2,202,653	\$ 29,162	\$ 9,194,269	\$ 8,567,881
693,005	-	15,020,811	12,319,060
-	-	10,230	9,728
-	-	57,634	43,612
-	-	-	238,222
-	963	7,315	247
<u>\$ 2,895,658</u>	<u>\$ 30,125</u>	<u>\$ 24,290,259</u>	<u>\$ 21,178,750</u>
\$ 161,612	\$ 44	\$ 816,160	\$ 498,319
194	-	85,045	55,832
-	-	9,590,148	9,614,823
-	-	4,827	9,637
<u>161,806</u>	<u>44</u>	<u>10,496,180</u>	<u>10,178,611</u>
693,005	-	6,729,299	6,190,321
-	-	10,230	9,728
<u>693,005</u>	<u>-</u>	<u>6,739,529</u>	<u>6,200,049</u>
-	963	7,315	247
2,040,847	-	3,978,645	1,433,396
-	29,118	1,964,028	2,200,326
-	-	1,104,562	1,166,121
<u>2,040,847</u>	<u>30,081</u>	<u>7,054,550</u>	<u>4,800,090</u>
<u>\$ 2,895,658</u>	<u>\$ 30,125</u>	<u>\$ 24,290,259</u>	<u>\$ 21,178,750</u>

# Village of Hobart, Wisconsin

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>		
Total fund balances as shown on previous page	\$ 7,054,550	\$ 4,800,090
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	12,312,581	11,496,296
Land held for resale in governmental activities is not a current financial resource and therefore are not reported in the funds.	6,306,070	5,537,092
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Delinquent taxes and special assessments	10,230	9,728
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	424,659	557,362
Deferred inflows related to pensions	(170,234)	(209,874)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds, notes payable, and related premiums	(26,872,292)	(22,061,998)
Net pension liability	(52,734)	(98,260)
Accrued interest on long-term obligations	<u>(301,345)</u>	<u>(210,137)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 26)	<u>\$ (1,288,515)</u>	<u>\$ (179,701)</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Village of Hobart, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Tax Incremental District #1</u>	<u>Capital Projects</u>
<b>REVENUES</b>				
Taxes	\$ 1,662,052	\$ 538,560	\$ 1,181,193	\$ 675,294
Excess Stadium District sales tax	-	12,923	-	-
Intergovernmental	803,457	-	1,381	-
Licenses and permits	339,515	-	-	-
Fines and forfeits	67,791	-	-	-
Public charges for services	531,728	-	-	-
Miscellaneous	82,860	-	3,516	-
	<u>3,487,403</u>	<u>551,483</u>	<u>1,186,090</u>	<u>675,294</u>
Total revenues				
<b>EXPENDITURES</b>				
Current				
General government	916,762	-	81,425	-
Public safety	1,557,552	-	-	-
Public works	765,466	-	-	-
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	88,257	-	1,679,330	-
Debt service				
Principal	-	414,750	620,813	-
Interest and fiscal charges	-	196,886	351,037	-
Capital outlay	-	-	305,710	905,752
	<u>3,328,037</u>	<u>611,636</u>	<u>3,038,315</u>	<u>905,752</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>159,366</u>	<u>(60,153)</u>	<u>(1,852,225)</u>	<u>(230,458)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	3,350,000	-
Premium on debt issued	-	-	41,340	-
Transfers in	42,148	-	-	201,621
Transfers out	(201,621)	-	(97,183)	(219,739)
	<u>(159,473)</u>	<u>-</u>	<u>3,294,157</u>	<u>(18,118)</u>
Total other financing sources (uses)				
<b>Net change in fund balances</b>	(107)	(60,153)	1,441,932	(248,576)
<b>Fund balances - January 1</b>	<u>1,308,876</u>	<u>237,069</u>	<u>1,268,851</u>	<u>1,035,730</u>
<b>Fund balances - December 31</b>	<u>\$ 1,308,769</u>	<u>\$ 176,916</u>	<u>\$ 2,710,783</u>	<u>\$ 787,154</u>

*The notes to the basic financial statements are an integral part of this statement.*

Tax Incremental District #2	Non-Major K-9 Fund	Totals	
		2017	2016
\$ 354,055	\$ -	\$ 4,411,154	\$ 4,531,682
-	-	12,923	13,277
315	-	805,153	712,934
-	-	339,515	223,505
-	-	67,791	72,539
-	-	531,728	482,118
<u>1,821</u>	<u>15,131</u>	<u>103,328</u>	<u>479,960</u>
<u>356,191</u>	<u>15,131</u>	<u>6,271,592</u>	<u>6,516,015</u>
67,110	-	1,065,297	767,375
-	2,137	1,559,689	1,451,180
-	-	765,466	731,636
-	-	-	2,170
-	-	-	29,646
305,315	-	2,072,902	78,426
384,187	-	1,419,750	1,179,750
198,099	-	746,022	702,777
<u>1,268,335</u>	<u>-</u>	<u>2,479,797</u>	<u>4,697,290</u>
<u>2,223,046</u>	<u>2,137</u>	<u>10,108,923</u>	<u>9,640,250</u>
<u>(1,866,855)</u>	<u>12,994</u>	<u>(3,837,331)</u>	<u>(3,124,235)</u>
2,855,000	-	6,205,000	3,290,000
23,042	-	64,382	56,250
97,183	-	340,952	205,134
-	-	(518,543)	(161,627)
<u>2,975,225</u>	<u>-</u>	<u>6,091,791</u>	<u>3,389,757</u>
1,108,370	12,994	2,254,460	265,522
932,477	17,087	4,800,090	4,534,568
<u>\$ 2,040,847</u>	<u>\$ 30,081</u>	<u>\$ 7,054,550</u>	<u>\$ 4,800,090</u>

# Village of Hobart, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ 2,254,460	\$ 265,522
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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	1,298,498	3,111,690
Depreciation expense reported in the statement of activities	(482,213)	(417,615)
Land held for resale reported as capital outlay in governmental fund statements	1,236,860	-
Loss on sale of land held for resale	(467,882)	(1,025,375)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	502	(15,683)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(6,205,000)	(3,290,000)
Premium on debt issued	(25,044)	(21,665)
Principal repaid	1,419,750	1,179,750
Some expenses reported 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:		
Accrued interest on long-term debt	(91,207)	8,180
Net pension liability	45,525	(245,284)
Deferred outflows of resources related to pensions	(80,707)	406,291
Deferred inflows of resources related to pensions	<u>(12,356)</u>	<u>(205,875)</u>
Change in net position of governmental activities as reported in the statement of activities (see pages 27 - 28)	<u>\$ (1,108,814)</u>	<u>\$ (250,064)</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Village of Hobart, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 1,657,390	\$ 1,657,756	\$ 1,662,052	\$ 4,296	\$ 1,567,566
Intergovernmental	767,795	783,034	803,457	20,423	710,563
Licenses and permits	142,125	252,460	339,515	87,055	223,505
Fines and forfeits	62,000	62,000	67,791	5,791	72,539
Public charges for services	517,674	540,244	531,728	(8,516)	482,118
Miscellaneous	21,214	27,226	82,860	55,634	86,003
Total revenues	<u>3,168,198</u>	<u>3,322,720</u>	<u>3,487,403</u>	<u>164,683</u>	<u>3,142,294</u>
<b>EXPENDITURES</b>					
Current					
General government	819,854	798,071	916,762	(118,691)	733,984
Public safety	1,543,067	1,619,786	1,557,552	62,234	1,316,802
Public works	763,480	755,325	765,466	(10,141)	731,636
Conservation and development	88,597	87,948	88,257	(309)	91,321
Total expenditures	<u>3,214,998</u>	<u>3,261,130</u>	<u>3,328,037</u>	<u>(66,907)</u>	<u>2,873,743</u>
Excess of revenues over (under) expenditures	<u>(46,800)</u>	<u>61,590</u>	<u>159,366</u>	<u>97,776</u>	<u>268,551</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	46,800	46,800	42,148	(4,652)	43,507
Transfers out	-	(201,621)	(201,621)	-	(161,627)
Total other financing sources (uses)	<u>46,800</u>	<u>(154,821)</u>	<u>(159,473)</u>	<u>(4,652)</u>	<u>(118,120)</u>
<b>Net change in fund balance</b>	-	(93,231)	(107)	93,124	150,431
<b>Fund balance - January 1</b>	<u>1,308,876</u>	<u>1,308,876</u>	<u>1,308,876</u>	-	<u>1,158,445</u>
<b>Fund balance - December 31</b>	<u>\$ 1,308,876</u>	<u>\$ 1,215,645</u>	<u>\$ 1,308,769</u>	<u>\$ 93,124</u>	<u>\$ 1,308,876</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Village of Hobart, Wisconsin

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2017	2016
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ 702,859	\$ 53,695	\$ 701,956	\$ 1,458,510	\$ 1,205,201
Receivables					
Customer accounts	156,976	266,394	-	423,370	424,838
Special assessments	-	-	6,205	6,205	5,916
Total current assets	<u>859,835</u>	<u>320,089</u>	<u>708,161</u>	<u>1,888,085</u>	<u>1,635,955</u>
Other assets					
Deferred special assessments	<u>152,025</u>	<u>-</u>	<u>2,693</u>	<u>154,718</u>	<u>173,011</u>
Capital assets					
Nondepreciable	65,030	508,671	-	573,701	573,701
Depreciable	<u>8,917,924</u>	<u>7,953,074</u>	<u>2,878,035</u>	<u>19,749,033</u>	<u>20,033,145</u>
Total capital assets	<u>8,982,954</u>	<u>8,461,745</u>	<u>2,878,035</u>	<u>20,322,734</u>	<u>20,606,846</u>
Total assets	<u>9,994,814</u>	<u>8,781,834</u>	<u>3,588,889</u>	<u>22,365,537</u>	<u>22,415,812</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	<u>35,907</u>	<u>31,613</u>	<u>38,787</u>	<u>106,307</u>	<u>150,436</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	48,755	66,500	32,391	147,646	178,512
Accrued and other current liabilities	3,488	2,753	2,232	8,473	9,635
Due to other funds	-	-	-	-	238,222
Current portion of long-term debt	168,036	353,917	-	521,953	507,413
Payable from restricted assets					
Accrued interest	<u>9,136</u>	<u>67,891</u>	<u>-</u>	<u>77,027</u>	<u>83,950</u>
Total current liabilities	<u>229,415</u>	<u>491,061</u>	<u>34,623</u>	<u>755,099</u>	<u>1,017,732</u>
Long-term obligations, less current portion					
General obligation debt	2,625,175	3,069,583	-	5,694,758	6,216,712
Net pension liability	<u>4,666</u>	<u>4,158</u>	<u>5,171</u>	<u>13,995</u>	<u>27,023</u>
Total long-term liabilities	<u>2,629,841</u>	<u>3,073,741</u>	<u>5,171</u>	<u>5,708,753</u>	<u>6,243,735</u>
Total liabilities	<u>2,859,256</u>	<u>3,564,802</u>	<u>39,794</u>	<u>6,463,852</u>	<u>7,261,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	<u>15,062</u>	<u>13,421</u>	<u>16,694</u>	<u>45,177</u>	<u>57,718</u>
<b>NET POSITION</b>					
Net investment in capital assets	6,189,743	5,038,245	2,878,035	14,106,023	13,882,721
Unrestricted	<u>966,660</u>	<u>196,979</u>	<u>693,153</u>	<u>1,856,792</u>	<u>1,364,342</u>
Total net position	<u>\$ 7,156,403</u>	<u>\$ 5,235,224</u>	<u>\$ 3,571,188</u>	<u>\$15,962,815</u>	<u>\$15,247,063</u>

The notes to the basic financial statements are an integral part of this statement.

# Village of Hobart, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2017	2016
<b>OPERATING REVENUES</b>					
Charges for services	\$ 860,855	\$ 1,188,795	\$ -	\$ 2,049,650	\$ 1,895,039
Other	19,635	50,950	489,732	560,317	497,895
Total operating revenues	<u>880,490</u>	<u>1,239,745</u>	<u>489,732</u>	<u>2,609,967</u>	<u>2,392,934</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	519,358	748,264	151,156	1,418,778	1,525,414
Depreciation	263,972	255,718	85,730	605,420	580,174
Taxes	4,056	7,838	6,098	17,992	18,329
Total operating expenses	<u>787,386</u>	<u>1,011,820</u>	<u>242,984</u>	<u>2,042,190</u>	<u>2,123,917</u>
Operating income	<u>93,104</u>	<u>227,925</u>	<u>246,748</u>	<u>567,777</u>	<u>269,017</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	705	13,984	1,756	16,445	6,845
Interest and fiscal charges	(93,794)	(126,278)	-	(220,072)	(236,109)
Other nonoperating revenues	-	-	-	-	27,200
Total nonoperating revenues (expenses)	<u>(93,089)</u>	<u>(112,294)</u>	<u>1,756</u>	<u>(203,627)</u>	<u>(202,064)</u>
Income before contributions and transfers	15	115,631	248,504	364,150	66,953
Capital contributions	11,632	70,488	91,891	174,011	858,880
Transfers in	-	219,739	-	219,739	-
Transfers out	(42,148)	-	-	(42,148)	(43,507)
<b>Change in net position</b>	<b>(30,501)</b>	<b>405,858</b>	<b>340,395</b>	<b>715,752</b>	<b>882,326</b>
<b>Net position - January 1</b>	<u>7,186,904</u>	<u>4,829,366</u>	<u>3,230,793</u>	<u>15,247,063</u>	<u>14,364,737</u>
<b>Net position - December 31</b>	<u>\$ 7,156,403</u>	<u>\$ 5,235,224</u>	<u>\$ 3,571,188</u>	<u>\$ 15,962,815</u>	<u>\$ 15,247,063</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Village of Hobart, Wisconsin

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 868,281	\$ 1,217,897	\$ 524,968	\$ 2,611,146	\$ 2,316,343
Cash paid for employee wages and benefits	(115,715)	(94,856)	(108,883)	(319,454)	(337,648)
Cash paid to suppliers	(381,780)	(693,666)	(55,338)	(1,130,784)	(1,104,773)
Net cash provided by operating activities	<u>370,786</u>	<u>429,375</u>	<u>360,747</u>	<u>1,160,908</u>	<u>873,922</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Intergovernmental revenues	-	-	8,220	8,220	-
Temporary advance from other funds	-	(238,222)	-	(238,222)	238,222
Transfer in	-	219,739	-	219,739	-
Transfer out	(42,148)	-	-	(42,148)	(43,507)
Net cash provided (used) by noncapital financing activities	<u>(42,148)</u>	<u>(18,483)</u>	<u>8,220</u>	<u>(52,411)</u>	<u>194,715</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(36,182)	-	(147,043)	(183,225)	(396,648)
Capital contributions	18,293	27,708	-	46,001	52,607
Principal paid on long-term debt	(166,954)	(340,460)	-	(507,414)	(493,236)
Interest paid on long-term debt	(94,031)	(132,964)	-	(226,995)	(243,262)
Net cash used by capital and related financing activities	<u>(278,874)</u>	<u>(445,716)</u>	<u>(147,043)</u>	<u>(871,633)</u>	<u>(1,080,539)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	<u>705</u>	<u>13,984</u>	<u>1,756</u>	<u>16,445</u>	<u>6,845</u>
<b>Change in cash and investments</b>	<u>50,469</u>	<u>(20,840)</u>	<u>223,680</u>	<u>253,309</u>	<u>(5,057)</u>
<b>Cash and investments - January 1</b>	<u>652,390</u>	<u>74,535</u>	<u>478,276</u>	<u>1,205,201</u>	<u>1,210,258</u>
<b>Cash and investments - December 31</b>	<u>\$ 702,859</u>	<u>\$ 53,695</u>	<u>\$ 701,956</u>	<u>\$ 1,458,510</u>	<u>\$ 1,205,201</u>

*The notes to the basic financial statements are an integral part of this statement.*

# Village of Hobart, Wisconsin

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2017	2016
<b>RECONCILIATION OF OPERATING INCOME            TO NET CASH PROVIDED BY            OPERATING ACTIVITIES</b>					
Operating income	\$ 93,104	\$ 227,925	\$ 246,748	\$ 567,777	\$ 269,017
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	263,972	255,718	85,730	605,420	580,174
Depreciation charged to sewer utility	10,831	(10,831)	-	-	-
Change in liability (asset) and deferred outflows and inflows of resources					
Pension	2,997	7,553	8,010	18,560	18,918
Change in operating assets and liabilities					
Accounts receivables	(12,209)	(21,848)	35,236	1,179	(64,936)
Accounts payable	12,309	(29,004)	(14,171)	(30,866)	69,588
Accrued and other current liabilities	(218)	(138)	(806)	(1,162)	1,161
Net cash provided by operating activities	<u>\$ 370,786</u>	<u>\$ 429,375</u>	<u>\$ 360,747</u>	<u>\$ 1,160,908</u>	<u>\$ 873,922</u>
Reconciliation of cash and cash equivalents to the statement of net position					
Cash and cash equivalents in current assets	<u>\$ 702,859</u>	<u>\$ 53,695</u>	<u>\$ 701,956</u>	<u>\$ 1,458,510</u>	<u>\$ 1,205,201</u>
Noncash capital and related financing activities					
Capital assets contributed	<u>\$ 11,632</u>	<u>\$ 42,780</u>	<u>\$ 83,671</u>	<u>\$ 138,083</u>	<u>\$ 844,698</u>

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Hobart, Wisconsin (the "Village"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

#### A. REPORTING ENTITY

The Village is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards established in GASB Statement No. 61.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The Village has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

#### General Fund

This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

#### Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

#### Tax Incremental District #1 Capital Projects Fund

This fund is accounts for the resources accumulated and payments made for the development of the Centennial Centre project.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### **Capital Projects Fund**

This fund accounts for all other major capital expenditures of the Village, other than those accounted for in the Tax Incremental District Capital Projects Funds and the enterprise funds.

### **Tax Incremental District #2 Capital Projects Fund**

This fund accounts for the resources accumulated and payments made for the development of Tax Incremental District #2.

The Village reports the following major enterprise funds:

### **Water Utility Fund**

This fund accounts for the operations of the Village's water utility.

### **Sewer Utility Fund**

This fund accounts for the operations of the Village's sewer utility.

### **Storm Water Utility Fund**

This fund accounts for the operations of the Village's storm water utility.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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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 Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### **D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE**

#### **1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

#### **2. Property Taxes and Special Charges/Receivable**

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Village properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

The Village bills its own property taxes and also levies taxes for the Pulaski School District, West De Pere School District, Brown County, Northeast Wisconsin Technical College and the State of Wisconsin. Brown County has assumed tax collection responsibilities for the Village.

#### **3. Accounts Receivable**

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

#### **4. Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments is recognized when levied. (Installments placed on the 2017 tax roll are recognized as revenue in 2018.) Special assessments are subject to collection procedures.

#### **5. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### 6. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

### 7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

### 8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual costs of \$5,000 or higher and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The Village has not reported infrastructure assets acquired or constructed prior to 2004.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-type Activities
	Years	
Buildings	40	25 - 50
Improvements other than buildings	20	25 - 100
Machinery and equipment	4 - 20	3 - 10
Infrastructure	30	-

### 9. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.

### 10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The Village reports unavailable revenues for delinquent taxes and assessments. These inflows are recognized as revenues in the government-wide financial statements.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### 11. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### 12. Pensions

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.

### 13. Fund Equity

#### *Governmental Fund Financial Statements*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Village Board through the adoption of an ordinance or resolution. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Village Board as described in the Village's Fund Balance Policy. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### *Government-Wide and Proprietary Fund Statements*

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

### **E. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **F. PRIOR YEAR INFORMATION**

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Village's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

### **G. RECLASSIFICATIONS**

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

## **NOTE 2: STEWARDSHIP AND COMPLIANCE**

### **A. BUDGETS AND BUDGETARY ACCOUNTING**

The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all general, debt service, and capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general, debt service funds, and capital projects funds adopting a budget.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2017.

### B. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2017 budget was 2.67%. The actual limit for the Village for the 2018 budget was 4.17%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

### NOTE 3: DETAILED NOTES ON ALL FUNDS

#### A. CASH AND INVESTMENTS

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled \$10,652,779 on December 31, 2017 as summarized below:

Deposits with financial institutions	\$ 10,116,856
Deposits in escrow	158,966
Investments	
Wisconsin local government investment pool	<u>376,957</u>
	<u>\$ 10,652,779</u>

#### Fair Value Measurements

The Village 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 observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments that are subject to fair value measurement.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

### **Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$4,696,266 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$4,696,266 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name.

The Village has investments in the Wisconsin local government investment pool of \$376,957 at year-end. 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 the 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, 2017, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village does not have an additional credit risk policy. The Village's investment in the Wisconsin local government investment pool is not rated.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

### B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 2,343,548	\$ 30,000	\$ -	\$ 2,373,548
Construction in progress	<u>1,514,063</u>	<u>143,406</u>	<u>1,483,442</u>	<u>174,027</u>
Total capital assets, nondepreciable	<u>3,857,611</u>	<u>173,406</u>	<u>1,483,442</u>	<u>2,547,575</u>
Capital assets, depreciable:				
Buildings and improvements	1,127,224	-	-	1,127,224
Machinery and equipment	2,057,273	751,295	306,175	2,502,393
Infrastructure	<u>7,505,132</u>	<u>1,857,239</u>	-	<u>9,362,371</u>
Subtotals	10,689,629	2,608,534	306,175	12,991,988
Less accumulated depreciation for:				
Buildings and improvements	693,687	25,932	-	719,619
Machinery and equipment	1,305,465	169,997	306,175	1,169,287
Infrastructure	<u>1,051,792</u>	<u>286,284</u>	-	<u>1,338,076</u>
Subtotals	<u>3,050,944</u>	<u>482,213</u>	<u>306,175</u>	<u>3,226,982</u>
Total capital assets, depreciable, net	<u>7,638,685</u>	<u>2,126,321</u>	-	<u>9,765,006</u>
Governmental activities capital assets, net	<u>\$ 11,496,296</u>	<u>\$ 2,299,727</u>	<u>\$ 1,483,442</u>	12,312,581
Less: Capital related debt				8,119,400
Less: Debt premium				<u>270,041</u>
Net investment in capital assets				<u>\$ 3,923,140</u>

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 65,030	\$ -	\$ -	\$ 65,030
Property held for future use	<u>508,671</u>	<u>-</u>	<u>-</u>	<u>508,671</u>
Total capital assets, not being depreciated	<u>573,701</u>	<u>-</u>	<u>-</u>	<u>573,701</u>
Capital assets, being depreciated:				
Buildings and improvements	23,150,132	222,291	1,480	23,370,943
Machinery and equipment	<u>4,393,777</u>	<u>99,017</u>	<u>-</u>	<u>4,492,794</u>
Subtotals	<u>27,543,909</u>	<u>321,308</u>	<u>1,480</u>	<u>27,863,737</u>
Less accumulated depreciation for:				
Buildings and improvements	5,859,375	475,712	1,480	6,333,607
Machinery and equipment	<u>1,651,389</u>	<u>129,708</u>	<u>-</u>	<u>1,781,097</u>
Subtotals	<u>7,510,764</u>	<u>605,420</u>	<u>1,480</u>	<u>8,114,704</u>
Total capital assets, being depreciated, net	<u>20,033,145</u>	<u>(284,112)</u>	<u>-</u>	<u>19,749,033</u>
Business-type activities capital assets, net	<u>\$ 20,606,846</u>	<u>\$ (284,112)</u>	<u>\$ -</u>	20,322,734
Less: Capital related debt				<u>6,216,711</u>
Net investment in capital assets				<u>\$ 14,106,023</u>

Depreciation expense was charged to functions of the Village as follows:

Governmental activities	
General government	\$ 23,729
Public safety	90,406
Public works	281,983
Conservation and development	<u>86,095</u>
Total depreciation expense - governmental activities	<u>\$ 482,213</u>
Business-type activities	
Water utility	\$ 263,972
Sewer utility	255,718
Storm water management	<u>85,730</u>
Total depreciation expense - business-type activities	<u>\$ 605,420</u>

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### C. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2017 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 42,148	\$ 201,621
Tax Incremental District #1	-	97,183
Capital Projects	201,621	219,739
Tax Incremental District #2	97,183	-
Water Utility	-	42,148
Sewer Utility	219,739	-
	<u>\$ 560,691</u>	<u>\$ 560,691</u>

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 42,148
General fund surplus transferred to capital projects fund	201,621
Capital project fund transfer to finance sewer utility's deficit cash position	219,739
Tax increment reallocation from TID #1 to TID #2	97,183
	<u>\$ 560,691</u>

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

### D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2017:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$ 20,745,000	\$ -	\$ 1,294,750	\$ 19,450,250	\$ 1,134,750
Notes	975,000	6,205,000	125,000	7,055,000	413,214
Total general obligation debt	21,720,000	6,205,000	1,419,750	26,505,250	1,547,964
Debt premium	341,998	64,382	39,338	367,042	32,830
Governmental activities Long-term obligations	<u>\$ 22,061,998</u>	<u>\$ 6,269,382</u>	<u>\$ 1,459,088</u>	<u>\$ 26,872,292</u>	<u>\$ 1,580,794</u>
<b>Business-type activities:</b>					
General obligation debt					
Bonds	\$ 4,908,007	\$ -	\$ 299,437	\$ 4,608,570	\$ 305,519
Notes payable - GBMSD	1,816,118	-	207,977	1,608,141	216,434
Business-type activities Long-term obligations	<u>\$ 6,724,125</u>	<u>\$ -</u>	<u>\$ 507,414</u>	<u>\$ 6,216,711</u>	<u>\$ 521,953</u>

Total interest paid during the year on long-term debt totaled \$848,812.

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>
General obligation refunding bonds	11/22/10	12/01/24	2.75 - 3.45%	\$ 1,300,000	\$ 355,000
General obligation bonds	11/22/10	03/01/26	3.00 - 5.05%	1,895,000	1,250,000
General obligation refunding bonds	06/07/11	06/01/26	3.00 - 4.05%	2,900,000	2,185,000
General obligation bonds	07/27/11	05/01/31	2.20%	1,123,268	813,820
General obligation refunding bonds	07/10/12	03/01/29	2.75 - 3.125%	5,000,000	3,780,000
General obligation taxable refunding bonds	04/15/13	03/01/29	2.25 - 3.70%	6,450,000	6,000,000
Taxable general obligation notes	01/28/14	03/01/23	2.00 - 4.10%	1,110,000	850,000
General obligation refunding bonds	01/28/14	03/01/29	2.00 - 3.80%	3,780,000	3,530,000
General obligation refunding bonds	06/15/15	03/01/29	2.30 - 3.25%	1,090,000	1,090,000
General obligation refunding bonds	06/15/15	03/01/32	3.50 - 4.20%	2,540,000	1,900,000
General obligation refunding bonds	08/08/16	03/01/32	2.15 - 2.80%	1,790,000	1,655,000
State trust fund bonds	10/26/16	03/15/36	3.50%	1,500,000	1,500,000
General obligation notes	08/01/17	03/01/27	2.00 - 2.25%	4,065,000	4,065,000
Taxable general obligation notes	08/01/17	03/01/22	1.35 - 2.15%	2,140,000	2,140,000
Total outstanding general obligation debt					<u>\$ 31,113,820</u>

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

Annual principal and interest maturities of the outstanding general obligation debt of \$31,113,820 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,547,964	\$ 791,733	\$ 305,519	\$ 142,178	\$ 1,853,483	\$ 933,911
2019	1,582,189	720,392	313,875	133,304	1,896,064	853,696
2020	1,699,143	675,521	330,005	123,630	2,029,148	799,151
2021	1,741,435	626,889	336,160	113,412	2,077,595	740,301
2022	3,443,673	557,328	482,341	100,539	3,926,014	657,867
2023 - 2027	11,117,650	1,780,114	2,307,341	247,381	13,424,991	2,027,495
2028 - 2032	4,966,039	348,897	533,329	20,142	5,499,368	369,039
2033 - 2036	407,157	36,249	-	-	407,157	36,249
	<u>\$ 26,505,250</u>	<u>\$ 5,537,123</u>	<u>\$ 4,608,570</u>	<u>\$ 880,586</u>	<u>\$ 31,113,820</u>	<u>\$ 6,417,709</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

### Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2017 was \$9,879,686 as follows:

Equalized valuation of the Village		\$ 816,331,800
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>40,816,590</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 31,113,820	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>176,916</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>30,936,904</u>
Legal margin for new debt		<u>\$ 9,879,686</u>

### Notes Payable - GBMSD

Annual principal and interest maturities of the outstanding notes payable to GBMSD of \$1,608,141 on December 31, 2017 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 216,434	\$ 66,990	\$ 283,424
2019	225,247	58,177	283,424
2020	234,429	48,994	283,423
2021	239,324	39,426	278,750
2022	249,294	29,456	278,750
2023 - 2027	443,413	38,668	482,081
	<u>\$ 1,608,141</u>	<u>\$ 281,711</u>	<u>\$ 1,889,852</u>

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### E. PENSION PLAN

#### 1. 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 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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.

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

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

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

The WRS also provides death and disability benefits for employees.

#### 2. 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:

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

### 3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was 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 ending December 31, 2016, the WRS recognized \$85,438 in contributions from the Village.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

### 4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Village reported a liability of \$66,729 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was 0.00809579%, which was an increase of 0.00038600% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$170,045.

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,444	\$ 209,856
Net differences between projected and actual earnings on pension plan investments	332,153	-
Changes in assumptions	69,767	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	602	5,555
Employer contributions subsequent to the measurement date	103,000	-
Total	<u>\$ 530,966</u>	<u>\$ 215,411</u>

\$103,000 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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>Expense</u>
2017	\$ 86,830
2018	86,830
2019	59,423
2020	(20,611)
2021	83
Total	<u>\$ 212,555</u>

### 5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5%

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

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

**Single Discount Rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members 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 Village's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 877,858	\$ 66,729	\$ (557,878)

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

### 6. Payables to the Pension Plan

At December 31, 2017, the Village reported a payable of \$14,649 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

### F. FUND EQUITY

#### Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2017, restricted fund balance was as follows:

General Fund	
Restricted for	
Park development	\$ 192,522
Memorial bricks/trees	<u>5,333</u>
Total General Fund Restricted Fund Balance	<u>197,855</u>
Debt Service Fund	
Restricted for debt retirement	176,916
Tax Incremental Financial District No. 1	
Restricted for project plan development	1,563,027
Tax Incremental Financial District No. 2	
Restricted for project plan development	<u>2,040,847</u>
Total Restricted Fund Balance	<u>\$ 3,978,645</u>

#### Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

Capital Projects Funds	
Assigned for subsequent year's expenditures	
Capital Improvements	\$ 787,154
Tax Incremental District No. 1	
Project plan development	<u>1,147,756</u>
Special Revenue Fund	
Assigned for subsequent year's expenditures	
K-9 program	<u>29,118</u>
Total	<u>\$ 1,964,028</u>

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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### Net Position

The Village reports restricted net position at December 31, 2017 as follows:

Governmental activities	
Restricted for	
Park development	\$ 192,522
Memorial bricks/trees	5,333
Project plan development	
Tax Incremental District #1	<u>484,847</u>
Total restricted net position	<u>\$ 682,702</u>

### NOTE 4: OTHER INFORMATION

#### A. TAX INCREMENTAL FINANCING DISTRICTS

The Village has established separate capital projects funds for Tax Incremental District (TID) #1 and #2, which were created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the Districts were "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village's Districts are still eligible to incur project costs.

Since creation of the above Districts, the Village has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the Village from any future excess tax increment revenues. As of December 31, 2017, the Village can recover \$16,706,125 from future excess tax increment revenues of the following:

	<u>Recoverable Costs</u>
TID #1	\$ 11,779,083
TID #2	4,927,042

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	<u>Termination Year</u>
TID #1	2029
TID #2	2031

# Village of Hobart, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017

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### B. TAX ABATEMENTS

The Village has created tax incremental financing districts (the "Districts") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law*. As part of the project plan for the Districts, the Village entered into agreements with developers for a creation of tax base within the Districts. The agreements require the Village to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2017, the Village abated property taxes totaling \$865,807 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$278,565 to a developer for 32.17% within Tax Incremental District #1.
- ▶ A property tax abatement of \$304,993 to a developer for 35.22% within Tax Incremental District #2.

### C. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

### D. CONTINGENCIES

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

### E. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

## REQUIRED SUPPLEMENTARY INFORMATION

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# Village of Hobart, Wisconsin

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered-Employee Payroll (plan year)	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 (Asset)
12/31/15	0.00774009%	\$ (190,118)	\$ 939,257	20.24%	102.74%
12/31/16	0.00770979%	125,283	969,185	12.93%	98.20%
12/31/17	0.00809579%	66,729	1,105,339	6.04%	99.12%

## SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll (fiscal year)	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	\$ 74,384	\$ 74,384	\$ -	\$ 969,185	7.67%
12/31/16	85,438	85,438	-	1,105,339	7.73%
12/31/17	103,000	103,000	-	1,200,250	8.58%

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms or assumptions for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

## SUPPLEMENTARY INFORMATION

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# Village of Hobart, Wisconsin

**GENERAL FUND  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
<b>Taxes</b>					
General property	\$ 1,650,830	\$ 1,651,023	\$ 1,651,023	\$ -	\$ 1,555,905
Managed forest crop tax	60	233	233	-	186
Use value penalty	500	500	6,818	6,318	5,275
Interest and taxes	6,000	6,000	3,978	(2,022)	6,200
<b>Total taxes</b>	<b>1,657,390</b>	<b>1,657,756</b>	<b>1,662,052</b>	<b>4,296</b>	<b>1,567,566</b>
<b>Intergovernmental</b>					
<b>Federal</b>					
Police	5,000	17,152	27,387	10,235	31,052
<b>State</b>					
State shared taxes	63,060	63,060	63,060	-	63,060
Fire insurance dues	31,700	34,076	34,076	-	31,700
Fire department	-	327	327	-	3,220
Tax exempt computer aid	1,614	1,614	1,665	51	1,614
Transportation	232,656	232,656	232,152	(504)	220,011
Recycling	18,000	18,384	18,384	-	17,417
<b>Local</b>					
Reimbursements from the Town of Lawrence	415,765	415,765	426,406	10,641	342,489
<b>Total intergovernmental</b>	<b>767,795</b>	<b>783,034</b>	<b>803,457</b>	<b>20,423</b>	<b>710,563</b>
<b>Licenses and permits</b>					
<b>Licenses</b>					
Liquor and malt beverage	2,510	2,490	2,490	-	2,510
Operators license	5,750	6,375	11,345	4,970	6,555
Cigarette license	50	100	100	-	100
Cable television fees	50,500	50,500	50,877	377	51,761
Dog	1,450	1,930	1,911	(19)	1,669
<b>Permits</b>					
Quarry	1,165	1,615	4,465	2,850	3,065
Building	78,050	186,500	205,327	18,827	127,239
Park developer fees	-	-	4,200	4,200	1,356
Park fee/building	-	-	55,100	55,100	25,600
Site review	450	750	900	150	1,000
Zoning	2,200	2,200	2,800	600	2,650
<b>Total licenses and permits</b>	<b>142,125</b>	<b>252,460</b>	<b>339,515</b>	<b>87,055</b>	<b>223,505</b>
<b>Fines and forfeits</b>					
Court fines and penalties	62,000	62,000	67,791	5,791	72,539

# Village of Hobart, Wisconsin

**GENERAL FUND  
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Public charges for services					
General government	4,000	4,050	7,393	3,343	5,035
Garbage collection	365,616	375,000	365,717	(9,283)	357,764
Police liaison fees	49,113	50,558	49,113	(1,445)	16,840
Street lighting	64,295	74,636	74,636	-	66,748
Fire calls	2,500	4,000	3,748	(252)	2,392
Park rentals	5,150	5,000	5,505	505	6,080
Land and tower rent fees	27,000	27,000	25,616	(1,384)	27,259
Total public charges for services	<u>517,674</u>	<u>540,244</u>	<u>531,728</u>	<u>(8,516)</u>	<u>482,118</u>
Miscellaneous					
Reimbursements	2,000	9,298	64,274	54,976	66,541
Interest	16,000	14,000	14,658	658	16,126
Other general government	3,214	3,928	3,928	-	3,336
Total miscellaneous	<u>21,214</u>	<u>27,226</u>	<u>82,860</u>	<u>55,634</u>	<u>86,003</u>
<b>Total Revenues</b>	<u>\$ 3,168,198</u>	<u>\$ 3,322,720</u>	<u>\$ 3,487,403</u>	<u>\$ 164,683</u>	<u>\$ 3,142,294</u>

# Village of Hobart, Wisconsin

**GENERAL FUND  
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
<b>General Government</b>					
Village board	\$ 52,492	\$ 52,493	\$ 53,948	\$ (1,455)	\$ 51,058
Municipal court	75,708	76,260	78,289	(2,029)	76,995
Legal	204,500	204,500	358,389	(153,889)	122,119
Village administration	119,762	101,002	85,084	15,918	101,207
Village clerk	121,978	121,740	116,631	5,109	118,752
Economic development	22,750	22,750	18,536	4,214	26,666
Tribal affairs	13,500	13,500	15,789	(2,289)	13,850
Elections	9,480	5,112	5,055	57	13,875
Audit and other accounting	5,891	5,891	5,891	-	5,208
Treasurer	39,060	39,111	27,574	11,537	62,770
Property assessment	33,280	33,280	31,012	2,268	31,374
Buildings and grounds	51,669	51,671	43,072	8,599	42,875
General office	50,375	49,125	41,589	7,536	48,264
Insurance and bonds	19,409	21,636	35,903	(14,267)	18,971
<b>Total general government</b>	<b>819,854</b>	<b>798,071</b>	<b>916,762</b>	<b>(118,691)</b>	<b>733,984</b>
<b>Public Safety</b>					
Police department	1,101,679	1,178,085	1,108,769	69,316	875,381
Animal control	2,884	2,884	3,985	(1,101)	2,170
Fire protection	374,626	374,939	382,123	(7,184)	362,351
Rescue service	62,678	62,678	62,675	3	76,900
First responders	1,200	1,200	-	1,200	-
<b>Total public safety</b>	<b>1,543,067</b>	<b>1,619,786</b>	<b>1,557,552</b>	<b>62,234</b>	<b>1,316,802</b>
<b>Public Works</b>					
Highway administration	149,081	141,673	124,429	17,244	125,114
Highway maintenance and construction	281,324	280,576	304,199	(23,623)	283,185
Street lighting	82,370	82,370	80,281	2,089	79,165
Garbage collection	250,705	250,706	256,557	(5,851)	244,172
<b>Total public works</b>	<b>763,480</b>	<b>755,325</b>	<b>765,466</b>	<b>(10,141)</b>	<b>731,636</b>
<b>Conservation and Development</b>					
Parks	9,000	9,000	9,990	(990)	29,646
Neighborhood services	76,547	76,198	76,842	(644)	60,150
Planning/zoning	3,050	2,750	1,425	1,325	1,525
<b>Total conservation and development</b>	<b>88,597</b>	<b>87,948</b>	<b>88,257</b>	<b>(309)</b>	<b>91,321</b>
<b>Total Expenditures</b>	<b>\$ 3,214,998</b>	<b>\$ 3,261,130</b>	<b>\$ 3,328,037</b>	<b>\$ (66,907)</b>	<b>\$ 2,873,743</b>

# Village of Hobart, Wisconsin

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 538,560	\$ 538,560	\$ 538,560	\$ -
Excess Stadium District sales tax	-	-	12,923	12,923
Total revenues	<u>538,560</u>	<u>538,560</u>	<u>551,483</u>	<u>12,923</u>
<b>EXPENDITURES</b>				
Debt service				-
Principal	437,750	414,750	414,750	-
Interest and fiscal charges	<u>202,885</u>	<u>196,885</u>	<u>196,886</u>	<u>(1)</u>
Total expenditures	<u>640,635</u>	<u>611,635</u>	<u>611,636</u>	<u>(1)</u>
Excess of revenues under expenditures	(102,075)	(73,075)	(60,153)	12,922
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>102,075</u>	<u>73,075</u>	-	<u>(73,075)</u>
Net change in fund balance	-	-	(60,153)	(60,153)
Fund balance - January 1	<u>237,069</u>	<u>237,069</u>	<u>237,069</u>	-
Fund balance - December 31	<u>\$ 237,069</u>	<u>\$ 237,069</u>	<u>\$ 176,916</u>	<u>\$ (60,153)</u>

# Village of Hobart, Wisconsin

**TAX INCREMENTAL DISTRICT #1 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,786,404	\$ 1,786,259	\$ 1,181,193	\$ (605,066)
Intergovernmental	1,863	1,863	1,381	(482)
Miscellaneous	-	-	3,516	3,516
<b>Total revenues</b>	<b>1,788,267</b>	<b>1,788,122</b>	<b>1,186,090</b>	<b>(602,032)</b>
<b>EXPENDITURES</b>				
Current				
General government	57,946	78,592	81,425	(2,833)
Conservation and development	1,734,074	1,781,467	1,679,330	102,137
Debt service				
Principal	620,813	620,813	620,813	-
Interest and fiscal charges	284,187	284,190	351,037	(66,847)
Capital outlay	66,380	2,824,312	305,710	2,518,602
<b>Total expenditures</b>	<b>2,763,400</b>	<b>5,589,374</b>	<b>3,038,315</b>	<b>2,551,059</b>
Excess of revenues under expenditures	(975,133)	(3,801,252)	(1,852,225)	1,949,027
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	1,238,000	3,375,000	3,350,000	(25,000)
Premium on debt issued	-	-	41,340	41,340
Transfers out	-	-	(97,183)	(97,183)
<b>Total other financing sources (uses)</b>	<b>1,238,000</b>	<b>3,375,000</b>	<b>3,294,157</b>	<b>(80,843)</b>
<b>Net change in fund balance</b>	<b>262,867</b>	<b>(426,252)</b>	<b>1,441,932</b>	<b>1,868,184</b>
<b>Fund balance - January 1</b>	<b>1,268,851</b>	<b>1,268,851</b>	<b>1,268,851</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$ 1,531,718</b>	<b>\$ 842,599</b>	<b>\$ 2,710,783</b>	<b>\$ 1,868,184</b>

# Village of Hobart, Wisconsin

**CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 675,294	\$ 675,294	\$ 675,294	\$ -
<b>EXPENDITURES</b>				
Capital outlay	4,194,807	1,096,908	905,752	191,156
Excess of revenues under expenditures	(3,519,513)	(421,614)	(230,458)	191,156
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	3,006,399	-	-	-
Transfers in	513,114	641,353	201,621	(439,732)
Transfers out	-	(219,739)	(219,739)	-
Total other financing sources (uses)	3,519,513	421,614	(18,118)	(439,732)
<b>Net change in fund balance</b>	-	-	(248,576)	(248,576)
<b>Fund balance - January 1</b>	1,035,730	1,035,730	1,035,730	-
<b>Fund balance - December 31</b>	<u>\$ 1,035,730</u>	<u>\$ 1,035,730</u>	<u>\$ 787,154</u>	<u>\$ (248,576)</u>

# Village of Hobart, Wisconsin

**TAX INCREMENTAL DISTRICT #2 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 614,846	\$ 614,796	\$ 354,055	\$ (260,741)
Intergovernmental	283	283	315	32
Miscellaneous	200	-	1,821	1,821
<b>Total revenues</b>	<b>615,329</b>	<b>615,079</b>	<b>356,191</b>	<b>(258,888)</b>
<b>EXPENDITURES</b>				
Current				
General government	39,696	58,602	67,110	(8,508)
Conservation and development	103,320	1,857,495	305,315	1,552,180
Debt service				
Principal	384,187	384,187	384,187	-
Interest and fiscal charges	140,666	140,668	198,099	(57,431)
Capital outlay	120,000	1,305,010	1,268,335	36,675
<b>Total expenditures</b>	<b>787,869</b>	<b>3,745,962</b>	<b>2,223,046</b>	<b>1,522,916</b>
Excess of revenues under expenditures	(172,540)	(3,130,883)	(1,866,855)	1,264,028
<b>OTHER FINANCING SOURCES</b>				
Long-term debt issued	-	2,880,000	2,855,000	(25,000)
Premium on debt issued	-	-	23,042	23,042
Transfers in	-	-	97,183	97,183
<b>Total other financing sources</b>	<b>-</b>	<b>2,880,000</b>	<b>2,975,225</b>	<b>95,225</b>
<b>Net change in fund balance</b>	<b>(172,540)</b>	<b>(250,883)</b>	<b>1,108,370</b>	<b>1,359,253</b>
<b>Fund balance - January 1</b>	<b>932,477</b>	<b>932,477</b>	<b>932,477</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$ 759,937</b>	<b>\$ 681,594</b>	<b>\$ 2,040,847</b>	<b>\$ 1,359,253</b>

# STATISTICAL SECTION

This part of the Village of Hobart's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Hobart's overall financial health.

## FINANCIAL TRENDS

*These schedules contain trend information to help the reader understand how Hobart's financial performance and well-being have changed over time.* 68

## REVENUE CAPACITY

*These schedules contain information to help the reader assess Hobart's most significant local revenue source, the property tax.* 75

## DEBT CAPACITY

*These schedules present information to help assess the affordability of Hobart's Current levels of outstanding debt and Hobart's ability to issue additional debt in the future.* 79

## DEMOGRAPHIC AND ECONOMIC INFORMATION

*These schedules offer demographic and economic indicators to help the reader understand the environment within which Hobart's financial activities take place.* 88

## OPERATING INFORMATION

*These schedules contain service and infrastructure data to help the reader understand how the information in Hobart's financial report relates to the services Hobart provides and the activities it performs.* 90

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# Village of Hobart, Wisconsin

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ (2,750,144)	\$ (2,984,075)	\$ (2,808,581)	\$ (461,062)	\$ 1,844,162	\$ 1,741,855	\$ 3,064,924	\$ 2,096,620	\$ 3,498,511	\$ 4,242,379
Restricted for debt service	2,893,565	2,231,596	2,975,086	-	-	-	-	406,658	237,069	-
Restricted for pension benefits	-	-	-	-	-	-	-	294,096	-	-
Restricted for subsequent year projects	-	-	-	-	54,229	108,194	101,625	139,053	142,755	682,702
Unrestricted	<u>2,956,681</u>	<u>1,849,451</u>	<u>(1,455,816)</u>	<u>(2,648,131)</u>	<u>(3,933,870)</u>	<u>(3,921,210)</u>	<u>(4,600,631)</u>	<u>(2,866,064)</u>	<u>(4,058,036)</u>	<u>(6,213,596)</u>
Total governmental activities net position	<u>\$ 3,100,102</u>	<u>\$ 1,096,972</u>	<u>\$ (1,289,311)</u>	<u>\$ (3,109,193)</u>	<u>\$ (2,035,479)</u>	<u>\$ (2,071,161)</u>	<u>\$ (1,434,082)</u>	<u>\$ 70,363</u>	<u>\$ (179,701)</u>	<u>\$ (1,288,515)</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 4,520,238	\$ 6,638,133	\$ 7,546,488	\$ 10,100,028	\$ 9,836,695	\$ 11,793,249	\$ 12,235,161	\$ 12,728,313	\$ 13,882,721	\$ 14,106,023
Restricted for pension benefits	-	-	-	-	-	-	-	84,613	-	-
Unrestricted	<u>2,842,413</u>	<u>2,974,635</u>	<u>2,906,144</u>	<u>2,640,075</u>	<u>2,122,898</u>	<u>1,939,819</u>	<u>1,474,738</u>	<u>1,551,811</u>	<u>1,364,342</u>	<u>1,856,792</u>
Total business-type activities net position	<u>\$ 7,362,651</u>	<u>\$ 9,612,768</u>	<u>\$ 10,452,632</u>	<u>\$ 12,740,103</u>	<u>\$ 11,959,593</u>	<u>\$ 13,733,068</u>	<u>\$ 13,709,899</u>	<u>\$ 14,364,737</u>	<u>\$ 15,247,063</u>	<u>\$ 15,962,815</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 1,770,094	\$ 3,654,058	\$ 4,737,907	\$ 9,638,966	\$ 11,680,857	\$ 13,535,104	\$ 15,300,085	\$ 14,824,933	\$ 17,381,232	\$ 18,348,402
Restricted for debt service	2,893,565	2,231,596	2,975,086	-	-	-	-	406,658	237,069	-
Restricted for pension benefits	-	-	-	-	-	-	-	378,709	-	-
Restricted for subsequent year projects	-	-	-	-	54,229	108,194	101,625	139,053	142,755	682,702
Unrestricted	<u>5,799,094</u>	<u>4,824,086</u>	<u>1,450,328</u>	<u>(8,056)</u>	<u>(1,810,972)</u>	<u>(1,981,391)</u>	<u>(3,125,893)</u>	<u>(1,314,253)</u>	<u>(2,693,694)</u>	<u>(4,356,804)</u>
Total primary government net position	<u>\$ 10,462,753</u>	<u>\$ 10,709,740</u>	<u>\$ 9,163,321</u>	<u>\$ 9,630,910</u>	<u>\$ 9,924,114</u>	<u>\$ 11,661,907</u>	<u>\$ 12,275,817</u>	<u>\$ 14,435,100</u>	<u>\$ 15,067,362</u>	<u>\$ 14,674,300</u>

**Note:**

For each fiscal year where the amount of unrestricted net position is negative the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts. In 2015, the Village adopted GASB Statement #68 and Statement #71.

# Village of Hobart, Wisconsin

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 1,115,624	\$ 744,638	\$ 812,213	\$ 812,043	\$ 692,940	\$ 809,804	\$ 723,121	\$ 744,504	\$ 748,649	\$ 1,109,555
Public safety	856,368	1,103,792	980,844	1,196,094	1,208,225	1,308,458	1,291,020	1,389,272	1,556,204	1,709,446
Public works	598,413	635,985	624,912	758,866	791,467	990,792	1,045,986	981,275	1,243,667	1,074,981
Health and human services	-	-	-	6,472	2,115	3,580	2,585	2,560	2,170	-
Culture and recreation	29,786	17,102	19,086	33,267	30,068	12,921	58,776	23,005	33,337	-
Conservation and development	217,228	1,691,623	2,445,164	1,709,414	2,005,275	1,101,149	923,198	1,390,695	1,558,933	2,543,794
Interest on debt	617,230	623,611	729,645	668,157	695,699	687,017	686,468	675,247	660,012	797,891
<b>Total governmental activities expenses</b>	<b>3,434,649</b>	<b>4,816,751</b>	<b>5,611,864</b>	<b>5,184,313</b>	<b>5,425,789</b>	<b>4,913,721</b>	<b>4,731,154</b>	<b>5,206,558</b>	<b>5,802,972</b>	<b>7,235,667</b>
<b>Business-type activities:</b>										
Water utility	658,748	945,171	610,851	725,547	804,064	790,576	817,492	816,192	956,955	881,180
Sewer utility	653,868	681,687	710,856	741,163	765,339	857,597	938,999	958,551	1,088,054	1,138,098
Storm water utility	132,449	308,601	264,817	289,553	411,854	313,793	660,831	353,628	315,017	242,984
<b>Total business-type activities expenses</b>	<b>1,445,065</b>	<b>1,935,459</b>	<b>1,586,524</b>	<b>1,756,263</b>	<b>1,981,257</b>	<b>1,961,966</b>	<b>2,417,322</b>	<b>2,128,371</b>	<b>2,360,026</b>	<b>2,262,262</b>
<b>Total primary government expenses</b>	<b>\$ 4,879,714</b>	<b>\$ 6,752,210</b>	<b>\$ 7,198,388</b>	<b>\$ 6,940,576</b>	<b>\$ 7,407,046</b>	<b>\$ 6,875,687</b>	<b>\$ 7,148,476</b>	<b>\$ 7,334,929</b>	<b>\$ 8,162,998</b>	<b>\$ 9,497,929</b>

# Village of Hobart, Wisconsin

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 223,901	\$ 221,576	\$ 267,171	\$ 152,674	\$ 176,844	\$ 241,703	\$ 183,146	\$ 186,267	\$ 183,162	\$ 70,903
Public safety	102,549	117,370	144,909	305,559	366,632	370,041	299,649	409,901	434,260	547,058
Public works	248,957	372,755	377,767	378,614	372,446	378,318	376,387	399,778	424,512	440,353
Culture and recreation	4,580	3,750	9,148	10,909	41,137	48,859	36,519	52,174	26,956	-
Conservation and development	5,744	4,631	3,641	4,395	2,389	-	-	-	-	196,949
Operating grants and contributions	423,517	468,223	316,680	374,038	313,301	280,086	305,631	263,784	396,885	327,457
Capital grants and contributions	5,125	-	-	294,654	259,029	-	-	-	-	59,300
Total governmental activities program revenues	<u>1,014,373</u>	<u>1,188,305</u>	<u>1,119,316</u>	<u>1,520,843</u>	<u>1,531,778</u>	<u>1,319,007</u>	<u>1,201,332</u>	<u>1,311,904</u>	<u>1,465,775</u>	<u>1,642,020</u>
Business-type activities:										
Charges for services:										
Water utility	576,105	624,600	585,122	735,753	835,087	818,020	846,119	852,225	874,976	880,490
Sewer utility	583,917	537,004	499,039	567,769	748,137	829,162	892,763	922,113	1,054,027	1,208,545
Storm water utility	456,001	457,177	454,700	465,422	451,273	507,478	517,437	467,139	463,931	489,732
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	237,363	-	-	1,114,070	1,204,783	1,577,924	147,315	486,777	858,880	174,011
Total business-type activities program revenues	<u>1,853,386</u>	<u>1,618,781</u>	<u>1,538,861</u>	<u>2,883,014</u>	<u>3,239,280</u>	<u>3,732,584</u>	<u>2,403,634</u>	<u>2,728,254</u>	<u>3,251,814</u>	<u>2,752,778</u>
Total primary government program revenues	<u>\$ 2,867,759</u>	<u>\$ 2,807,086</u>	<u>\$ 2,658,177</u>	<u>\$ 4,403,857</u>	<u>\$ 4,771,058</u>	<u>\$ 5,051,591</u>	<u>\$ 3,604,966</u>	<u>\$ 4,040,158</u>	<u>\$ 4,717,589</u>	<u>\$ 4,394,798</u>
Net (expense)/revenue										
Governmental activities	\$ (2,420,276)	\$ (3,628,446)	\$ (4,492,548)	\$ (3,663,470)	\$ (3,894,011)	\$ (3,594,714)	\$ (3,529,822)	\$ (3,894,654)	\$ (4,337,197)	\$ (5,593,647)
Business-type activities	408,321	(316,678)	(47,663)	1,126,751	1,258,023	1,770,618	(13,688)	599,883	891,788	490,516
Total primary government net expense	<u>\$ (2,011,955)</u>	<u>\$ (3,945,124)</u>	<u>\$ (4,540,211)</u>	<u>\$ (2,536,719)</u>	<u>\$ (2,635,988)</u>	<u>\$ (1,824,096)</u>	<u>\$ (3,543,510)</u>	<u>\$ (3,294,771)</u>	<u>\$ (3,445,409)</u>	<u>\$ (5,103,131)</u>

# Village of Hobart, Wisconsin

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 2,140,964	\$ 2,244,255	\$ 2,314,555	\$ 2,475,962	\$ 2,952,098	\$ 3,326,061	\$ 3,940,940	\$ 4,466,900	\$ 4,504,338	\$ 4,400,627
Other taxes	2,087	3,093	16,967	48,810	63,728	61,899	85,134	472,098	76,699	74,829
Unrestricted state and federal aids	105,879	100,895	86,420	85,646	68,438	67,898	70,142	68,691	67,045	66,421
Interest earnings	270,039	267,584	114,206	57,359	29,187	23,793	18,380	17,145	16,126	19,994
Miscellaneous	2,229,016	105,101	132,660	113,682	76,045	41,737	13,650	37,286	112,735	68,203
Special Item - gain or (loss) on sale of assets	-	-	-	-	-	-	-	-	(733,317)	32,350
Transfers	104,412	(2,223,672)	(558,545)	(937,871)	1,948,646	37,644	38,655	41,654	43,507	(177,591)
<b>Total governmental activities</b>	<b>4,852,397</b>	<b>497,256</b>	<b>2,106,263</b>	<b>1,843,588</b>	<b>5,138,142</b>	<b>3,559,032</b>	<b>4,166,901</b>	<b>5,103,774</b>	<b>4,087,133</b>	<b>4,484,833</b>
Business-type activities:										
Taxes										
Property taxes	324,228	324,228	294,028	194,074	69,530	-	-	-	-	-
Interest earnings	37,006	12,378	9,801	4,375	778	1,701	374	240	6,845	14,689
Miscellaneous	3,790	6,517	25,153	24,400	35,800	38,800	28,800	17,200	27,200	32,956
Transfers	(104,412)	2,223,672	558,545	937,871	(1,948,646)	(37,644)	(38,655)	(41,654)	(43,507)	177,591
<b>Total business-type activities</b>	<b>260,612</b>	<b>2,566,795</b>	<b>887,527</b>	<b>1,160,720</b>	<b>(1,842,538)</b>	<b>2,857</b>	<b>(9,481)</b>	<b>(24,214)</b>	<b>(9,462)</b>	<b>225,236</b>
<b>Total primary government</b>	<b>\$ 5,113,009</b>	<b>\$ 3,064,051</b>	<b>\$ 2,993,790</b>	<b>\$ 3,004,308</b>	<b>\$ 3,295,604</b>	<b>\$ 3,561,889</b>	<b>\$ 4,157,420</b>	<b>\$ 5,079,560</b>	<b>\$ 4,077,671</b>	<b>\$ 4,710,069</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,432,121	\$ (3,131,190)	\$ (2,386,285)	\$ (1,819,882)	\$ 1,244,131	\$ (35,682)	\$ 637,079	\$ 1,209,120	\$ (250,064)	\$ (1,108,814)
Business-type activities	668,933	2,250,117	839,864	2,287,471	(584,515)	1,773,475	(23,169)	575,669	882,326	715,752
<b>Total primary government</b>	<b>\$ 3,101,054</b>	<b>\$ (881,073)</b>	<b>\$ (1,546,421)</b>	<b>\$ 467,589</b>	<b>\$ 659,616</b>	<b>\$ 1,737,793</b>	<b>\$ 613,910</b>	<b>\$ 1,784,789</b>	<b>\$ 632,262</b>	<b>\$ (393,062)</b>

Note:

In 2015, the Village adopted GASB Statement #68 and Statement #71 (Cumulative effect of change in accounting principal for net position: Governmental Activities \$295,325; Business-type activities \$79,169).

In 2017, the Village modified expenditure classification on this Statement, health and human services to public safety & culture and recreation to public works.

# Village of Hobart, Wisconsin

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General fund</b>										
Reserved										
Delinquent tax/assessments	\$ -	\$ 232,077	\$ 262,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Undesignated	538,770	497,855	760,130	-	-	-	-	-	-	-
Nonspendable										
Delinquent tax/assessments	-	-	-	234,996	244,212	23,515	27,747	-	-	-
Inventories and prepaid items	-	-	-	-	-	-	-	-	-	6,352
Restricted										
Park development	-	-	-	-	48,365	102,824	96,232	133,720	137,422	192,522
Memorial brick/trees	-	-	-	-	5,864	5,370	5,393	5,333	5,333	5,333
Unassigned	-	-	-	885,672	1,143,712	1,174,527	902,824	1,019,392	1,166,121	1,104,562
<b>Total general fund</b>	<u>\$ 538,770</u>	<u>\$ 729,932</u>	<u>\$ 1,022,258</u>	<u>\$ 1,120,668</u>	<u>\$ 1,442,153</u>	<u>\$ 1,306,236</u>	<u>\$ 1,032,196</u>	<u>\$ 1,158,445</u>	<u>\$ 1,308,876</u>	<u>\$ 1,308,769</u>
<b>All other governmental funds</b>										
Nonspendable										
K-9 Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247	\$ 963
Reserved, reported in:										
Debt service fund	\$ 2,893,565	\$ 8,681,596	\$ 2,975,086	-	-	-	-	-	-	-
Unreserved										
Designated, reported in:										
Capital projects fund	282,700	358,744	319,513	-	-	-	-	-	-	-
Tax increment districts	1,816,531	6,286,562	2,976,596	-	-	-	-	-	-	-
Restricted, reported in										
Debt service fund	-	-	-	-	-	-	-	406,658	237,069	176,916
Tax increment districts	-	-	-	-	-	-	-	-	-	3,603,874
Assigned, reported in:										
Capital projects fund	-	-	-	666,203	621,423	961,186	1,346,484	1,591,108	1,035,730	787,154
K-9 fund	-	-	-	-	-	-	-	-	16,840	29,118
Tax increment districts	-	-	-	2,131,966	2,151,289	876,440	2,060,447	1,378,357	2,201,328	1,147,756
<b>Total all other governmental funds</b>	<u>\$ 4,992,796</u>	<u>\$ 15,326,902</u>	<u>\$ 6,271,195</u>	<u>\$ 2,798,169</u>	<u>\$ 2,772,712</u>	<u>\$ 1,837,626</u>	<u>\$ 3,406,931</u>	<u>\$ 3,376,123</u>	<u>\$ 3,491,214</u>	<u>\$ 5,745,781</u>
<b>Total governmental funds</b>	<u>\$ 5,531,566</u>	<u>\$ 16,056,834</u>	<u>\$ 7,293,453</u>	<u>\$ 3,918,837</u>	<u>\$ 4,214,865</u>	<u>\$ 3,143,862</u>	<u>\$ 4,439,127</u>	<u>\$ 4,534,568</u>	<u>\$ 4,800,090</u>	<u>\$ 7,054,550</u>

Note:  
 Years 2008 - 2010 are presented in accordance with generally accepted accounting principles in effect prior to the implementation of GASB Statement #54.  
 Years 2011 - 2017 are presented in accordance with the requirements of GASB Statement #54.

# Village of Hobart, Wisconsin

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Taxes	\$ 2,143,051	\$ 2,247,348	\$ 2,331,522	\$ 2,484,820	\$ 2,971,766	\$ 3,341,186	\$ 3,977,845	\$ 4,482,015	\$ 4,531,682	\$ 4,411,154
Excess Stadium District sales tax	-	-	-	-	-	-	-	406,658	13,277	12,923
Special assessments	146,579	126,738	124,302	124,303	32,829	30,877	25,677	25,676	-	-
Intergovernmental	692,648	803,176	674,554	765,561	694,862	652,576	614,267	647,373	712,934	805,153
Licenses and permits	150,683	142,363	182,012	163,321	221,194	295,246	221,571	249,679	223,505	339,515
Fines and forfeitures	55,032	61,927	53,058	50,690	59,764	50,107	45,145	73,032	72,539	67,791
Public charges for services	269,945	383,821	397,837	434,487	431,858	435,750	438,720	463,172	482,118	531,728
Other	2,450,998	1,397,598	144,269	108,769	107,621	199,026	32,030	54,431	479,960	103,328
<b>Total revenues</b>	<b>5,908,936</b>	<b>5,162,971</b>	<b>3,907,554</b>	<b>4,131,951</b>	<b>4,519,894</b>	<b>5,004,768</b>	<b>5,355,255</b>	<b>6,402,036</b>	<b>6,516,015</b>	<b>6,271,592</b>
<b>Expenditures</b>										
General government	1,103,328	732,850	773,662	791,549	668,710	782,172	700,665	759,495	767,375	1,065,297
Public safety	797,719	893,108	914,222	1,025,913	1,108,532	1,178,274	1,172,150	1,223,345	1,451,180	1,559,689
Public works	517,652	557,620	482,609	587,661	606,401	633,306	700,021	745,187	731,636	765,466
Health and human services	-	-	-	6,472	2,115	3,580	2,585	2,560	2,170	-
Culture and recreation	-	13,226	9,863	14,707	15,440	5,291	47,892	19,310	29,646	-
Conservation and development	101,257	123,471	114,376	1,522,643	239,166	122,184	161,573	110,977	78,426	2,072,902
Capital Outlay	6,636,302	3,759,414	4,750,829	783,714	2,533,423	2,069,447	3,193,369	3,043,473	4,697,290	2,479,797
Debt service										
Principal retirement	2,721,941	670,656	8,220,839	3,710,142	5,621,750	7,189,500	1,701,000	3,394,850	1,179,750	1,419,750
Interest and fiscal charges	330,091	974,686	760,958	753,941	696,201	700,929	518,856	745,042	702,777	746,022
<b>Total Expenditures</b>	<b>12,208,290</b>	<b>7,725,031</b>	<b>16,027,358</b>	<b>9,196,742</b>	<b>11,491,738</b>	<b>12,684,683</b>	<b>8,198,111</b>	<b>10,044,239</b>	<b>9,640,250</b>	<b>10,108,923</b>
Excess of revenues over (under) expenditures	(6,299,354)	(2,562,060)	(12,119,804)	(5,064,791)	(6,971,844)	(7,679,915)	(2,842,856)	(3,642,203)	(3,124,235)	(3,837,331)
<b>Other financing sources (uses)</b>										
Long-term debt issued	7,930,000	12,975,500	2,962,517	2,585,000	5,210,000	6,450,000	7,800,100	3,630,000	3,290,000	6,205,000
Paid to refunding bond escrow agent	-	-	-	-	-	-	(3,760,475)	-	-	-
Premium on debt issued	-	-	21,807	43,046	109,226	121,268	59,841	93,737	56,250	64,382
Transfers in	902,006	111,828	1,487,591	1,092,059	1,952,719	400,757	547,522	132,491	205,134	340,952
Transfers out	(797,594)	-	(1,115,494)	(2,029,930)	(4,073)	(363,113)	(508,867)	(90,837)	(161,627)	(518,543)
<b>Total other financing sources (uses)</b>	<b>8,034,412</b>	<b>13,087,328</b>	<b>3,356,421</b>	<b>1,690,175</b>	<b>7,267,872</b>	<b>6,608,912</b>	<b>4,138,121</b>	<b>3,765,391</b>	<b>3,389,757</b>	<b>6,091,791</b>
<b>Net change in fund balances</b>	<b>\$ 1,735,058</b>	<b>\$ 10,525,268</b>	<b>\$ (8,763,383)</b>	<b>\$ (3,374,616)</b>	<b>\$ 296,028</b>	<b>\$ (1,071,003)</b>	<b>\$ 1,295,265</b>	<b>\$ 123,188</b>	<b>\$ 265,522</b>	<b>\$ 2,254,460</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>54.8%</b>	<b>24.2%</b>	<b>79.7%</b>	<b>52.7%</b>	<b>58.6%</b>	<b>67.5%</b>	<b>37.2%</b>	<b>46.0%</b>	<b>28.8%</b>	<b>24.6%</b>

**Note:**

In 2015, the Village recorded a prior period adjustment fund balance change of \$27,747 to reclassify delinquent special assessments and personal property taxes as a deferred inflow of resources. In 2017, the Village modified expenditure classification on this Statement, health and human services to public safety & culture and recreation to public works.

# Village of Hobart, Wisconsin

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

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<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Forest Crop Tax</u>	<u>Tax Exempt Tax</u>	<u>Interest On Tax</u>	<u>Use Value Tax</u>	<u>Total</u>
2008	\$ 2,140,964	\$ 411	\$ 1,504	\$ -	\$ 172	\$ 2,143,051
2009	2,244,255	52	1,550	-	1,491	2,247,348
2010	2,314,555	250	1,596	14,762	359	2,331,522
2011	2,475,962	52	1,644	7,308	(146)	2,484,820
2012	2,952,098	61	1,693	11,911	6,003	2,971,766
2013	3,326,061	52	1,744	4,763	8,566	3,341,186
2014	3,971,771	69	-	4,077	1,928	3,977,845
2015	4,469,236	59	-	11,884	836	4,482,015
2016	4,520,021	186	-	5,275	6,200	4,531,682
2017	4,400,125	233	-	3,978	6,818	4,411,154

# Village of Hobart, Wisconsin

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Real Property			Personal Property		Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Taxable Valuation	Assessed Value as a Percentage of Actual Value
	Residential	Commercial and Manufacturing	Other	Machinery and Equipment	Other				
2008	\$ 547,781,700	\$ 61,953,200	\$ 9,052,800	\$ 7,301,500	\$ 817,200	\$ 626,906,400	3.99	\$ 631,037,600	99.35%
2009	553,678,600	62,958,000	8,806,600	7,375,900	1,619,900	634,439,000	4.10	629,680,100	100.76%
2010	549,713,800	64,821,300	9,246,200	7,906,900	1,103,200	632,791,400	4.10	615,521,000	102.81%
2011	559,262,300	73,002,600	9,241,500	6,800,100	1,057,800	649,364,300	4.20	628,620,700	103.30%
2012	572,047,000	77,923,300	9,254,400	6,383,600	1,283,000	666,891,300	4.20	641,048,400	104.03%
2013	592,467,200	88,730,700	9,317,100	7,543,500	1,386,100	699,444,600	4.17	671,653,400	104.14%
2014	611,898,200	100,089,400	9,589,300	8,431,400	1,154,000	731,162,300	4.17	708,327,100	103.22%
2015	628,422,000	108,288,900	9,608,500	6,512,500	1,073,300	753,905,200	4.17	751,542,900	100.31%
2016	641,987,100	116,233,600	10,268,800	5,898,500	1,184,200	775,572,200	4.32	771,684,600	100.50%
2017	659,699,700	130,822,900	10,305,600	5,689,000	1,100,200	807,617,400	4.41	816,331,800	98.93%

Note: Information obtained from Statistical Reports of Property Values, Bureau of Property Tax, Wisconsin Department of Revenue.  
Wisconsin State Statute 70.05 (5) (b) requires each taxation district to assess property at full value at least once in every 5-year period.

# Village of Hobart, Wisconsin

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year	Direct Rate					Overlapping Rates								Total Total Direct & Overlapping Rates
	Village of Hobart					State of Wisconsin		County		School District		Technical College		
	Operating Rate	Debt Service Rate	Capital Projects Rate	Total Rate	Percent	Rate	Percent	Rate	Percent	Rate	Percent	Rate	Percent	
2008	1.94	1.50	0.55	3.99	20.5%	0.17	0.9%	4.42	22.7%	9.44	48.5%	1.45	7.4%	19.47
2009	2.04	1.13	0.93	4.10	20.8%	0.17	0.9%	4.87	24.7%	9.11	46.1%	1.49	7.5%	19.74
2010	2.19	1.31	0.60	4.10	20.5%	0.17	0.9%	4.86	24.3%	9.30	46.6%	1.53	7.7%	19.96
2011	2.10	1.45	0.65	4.20	20.3%	0.17	0.8%	4.73	22.9%	9.99	48.5%	1.57	7.6%	20.66
2012	2.05	1.38	0.77	4.20	20.2%	0.16	0.8%	4.55	21.9%	10.33	49.7%	1.58	7.6%	20.82
2013	2.21	1.21	0.75	4.17	20.8%	0.16	0.8%	4.62	23.0%	9.54	47.5%	1.59	7.9%	20.08
2014	2.24	0.93	1.00	4.17	20.1%	0.16	0.8%	4.51	21.8%	10.29	49.7%	1.59	7.7%	20.72
2015	2.36	0.59	1.22	4.17	21.0%	0.16	0.8%	4.46	22.5%	10.30	51.9%	0.76	3.8%	19.85
2016	2.43	0.66	1.24	4.32	21.9%	0.17	0.9%	4.64	23.5%	9.84	49.8%	0.78	4.0%	19.75
2017	2.54	0.83	1.04	4.41	22.5%	0.17	0.9%	4.67	23.9%	9.48	48.4%	0.84	4.3%	19.57

Note: Property tax rates are per thousand dollar of assessed valuation.

The 2008 property tax rates reflect the total revaluation of the entire Village.

In 2005, the State of Wisconsin passed legislation that would limit a village's tax levy increases in years 2006 thru 2008.

The limit would allow growth in the tax levy of either 2.0% or the rate of growth in the village, whichever is larger.

In 2009, the State of Wisconsin passed legislation that would limit a village's tax levy increases in years 2009 thru 2010.

The limit would allow growth in the tax levy of either 3.0% or the rate of growth in the village, whichever is larger.

In 2011, the State of Wisconsin passed legislation that would permanently limit a village's tax levy increase.

The limit would allow no growth in the tax levy to exceed the rate of valuation growth in the village.

In 2014, the State of Wisconsin passed legislation that shifted a portion of funding for technical college districts from property tax to state aid for 2015 and thereafter.

All of the levy limits referenced excludes tax levy increases for existing debt payments.

Tax Rates shown do not reflect the Tax Credit.

School Rates used were average of West DePere and Pulaski School Districts.

# Village of Hobart, Wisconsin

## PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS PRIOR

Taxpayer	Type of Business	2017			2008		
		Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation*	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation**
Oneida Tribe of Indians	Tribal Enterprises	\$ 28,344,200	1	3.65%	\$ 12,574,500	1	2.03%
Hobart Logistics	Warehouse	11,361,300	2	1.46%	11,307,500	2	1.83%
SCR Properties LLC	Retirement Facility	6,193,700	3	0.80%			
Knots Landings LLC	Apartment Complex	5,968,300	4	0.77%			
PHI Holdings	Apartment Complex	5,937,200	5	0.77%			
VanRite Properties	Utility Buildings & Manufacturing	5,305,100	6	0.68%	2,717,200	5	0.44%
Centennial Centre Development	Apartment Complex	4,818,000	7	0.62%			
Skyline Estates Apartments	Apartment Complex	4,698,500	8	0.61%			
EMT Properties	Manufacturing	4,311,200	9	0.52%			
Layden Drive Estates	Apartment Complex	4,032,000	10	0.56%			
Polo Point, LLC	Residential Development				6,075,000	3	0.98%
TCGC, LLC	Golf course				4,503,700	4	0.73%
Thomas J Juza Custom Homes	Residential Development				2,391,000	5	0.39%
Individual	Real estate				2,054,800	7	0.33%
Individual	Real estate				1,498,900	8	0.24%
Individual	Real estate				1,406,100	9	0.23%
Individual	Real estate				1,347,600	10	0.22%
Totals		<u>\$ 80,969,500</u>		<u>10.44%</u>	<u>\$ 45,876,300</u>		<u>7.42%</u>
* 2016 Assessed Valuation	\$775,572,200						
** 2007 Assessed Valuation	\$617,983,600						

Information obtained from the Village of Hobart.

# Village of Hobart, Wisconsin

## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 2,465,192	\$ 2,124,223	86.17%	\$ 321,450	\$ 2,445,673	99.21%
2009	2,568,483	2,410,800	93.86%	142,692	2,553,492	99.42%
2010	2,601,904	2,431,744	93.46%	166,133	2,597,877	99.85%
2011	2,657,919	2,547,655	95.85%	105,374	2,653,029	99.82%
2012	2,651,470	2,553,485	96.30%	97,106	2,650,591	99.97%
2013	2,637,637	2,546,190	96.53%	90,878	2,637,068	99.98%
2014	2,644,821	2,556,114	96.65%	88,112	2,644,226	99.98%
2015	2,662,209	2,596,319	97.52%	64,780	2,661,099	99.96%
2016	2,770,542	2,721,100	98.22%	45,390	2,766,490	99.85%
2017	2,865,685	2,820,144	98.41%	36,074	2,856,218	99.67%

Note: For each fiscal period that appears, the tax levy represents the prior year and the levy is collected in the fiscal period that is identified.

In August of each year, the Village settles with the County Treasurer for 100% of all real property taxes.

For each fiscal period, listed unpaid Village special assessments are turned over to the County for collection and unpaid personal property taxes remain the responsibility of the Village.

# Village of Hobart, Wisconsin

## RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEAR

Fiscal Year	Governmental Activities			Premium On Debt Issued	Business-Type Activities				Total Primary Government	Percentage of Assessed Valuation (1)	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds	General Obligation Notes	Note Anticipation Notes		General Obligation Bonds	Bond Anticipation Notes	Note Anticipation Notes	Green Bay MSD Notes Payable				
2008		\$ 4,225,370	\$ 7,930,000		\$ 597,955	\$ 4,635,000		\$ 3,232,328	\$ 20,620,653	3.29%	3.67%	3,510
2009		5,080,214	19,380,000		587,252	4,635,000		3,074,588	32,757,054	5.16%	6.66%	5,582
2010		6,641,892	12,560,000		580,763	4,635,000	\$ 1,125,000	2,910,757	28,453,412	4.50%	5.24%	4,603
2011		10,491,750	7,585,000		4,481,757			2,740,582	25,299,089	3.90%	4.56%	3,975
2012		12,950,000	4,715,000	\$ 109,226	6,119,391			2,570,054	26,463,671	3.97%	4.66%	4,071
2013		12,210,500	4,715,000	217,084	5,748,805			2,392,637	25,284,026	3.61%	3.86%	3,576
2014	\$ 15,354,500	4,020,100		255,936	5,483,726			2,208,046	27,322,308	3.74%	3.86%	3,590
2015	18,534,750	1,075,000		320,333	5,201,384			2,015,977	27,147,444	3.60%	3.50%	3,411
2016	19,245,000	2,475,000		341,998	4,908,007			1,816,118	28,786,123	3.71%	3.72%	3,370
2017	17,950,250	8,555,000		367,042	4,608,570			1,608,141	33,089,003	4.10%	N/A	3,770

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable property for property value data.

(2) See the schedule of Demographic Statistics for personal income.

(3) See the schedule of Demographic Statistics for population data.

N/A = Not available at time of printing of this report.

# Village of Hobart, Wisconsin

## RATIOS OF NET GENERAL OBLIGATION DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds/Notes	Premium On Debt Issued	Less Amounts Available in Debt Service Fund	Net General Obligation Debt	Percentage of Net Debt to Estimated Actual Value (1)	Net Debt Per Capita (2)
2008	\$ 4,823,325		\$ 2,893,565	\$ 1,929,760	0.31%	328.47
2009	5,667,466		2,231,596	3,435,870	0.55%	585.53
2010	7,222,655		2,975,086	4,247,569	0.69%	687.09
2011	14,973,507		-	14,973,507	2.38%	2,352.85
2012	19,069,391	\$ 109,226	-	19,178,617	2.99%	2,950.10
2013	17,959,305	217,084	-	18,176,389	2.71%	2,570.92
2014	24,858,326	255,936	-	25,114,262	3.55%	3,300.17
2015	24,811,134	320,333	406,658	24,724,809	3.29%	3,106.91
2016	26,628,007	341,998	237,069	26,732,936	3.46%	3,129.22
2017	31,113,820	367,042	176,916	31,303,946	3.83%	3,566.18

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable property for property value data.

(2) See the schedule of Demographic Statistics for population data.

# Village of Hobart, Wisconsin

**DEBT SERVICE REQUIREMENTS TO MATURITY  
GENERAL OBLIGATION BONDS/NOTES  
SCHEDULED TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2017**

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 419,750	\$ 186,215	\$ 605,965
2019	432,500	176,033	608,533
2020	447,500	165,098	612,598
2021	457,500	153,648	611,148
2022	472,500	140,746	613,246
2023	490,250	126,277	616,527
2024	505,250	110,764	616,014
2025	555,000	93,101	648,101
2026	570,000	74,820	644,820
2027	595,000	55,443	650,443
2028	615,000	34,411	649,411
2029	635,000	11,748	646,748
Total	<u>\$ 6,195,250</u>	<u>\$ 1,328,304</u>	<u>\$ 7,523,554</u>

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements. Does not include general obligation debt scheduled to be repaid from tax increment revenues.

# Village of Hobart, Wisconsin

**DEBT SERVICE REQUIREMENTS TO MATURITY  
GENERAL OBLIGATION BONDS/NOTES  
SCHEDULED TO BE REPAID FROM TAX INCREMENT DISTRICT REVENUES  
DECEMBER 31, 2017**

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 1,128,214	\$ 605,518	\$ 1,733,732
2019	1,149,689	544,359	1,694,048
2020	1,251,643	510,423	1,762,066
2021	1,283,935	473,241	1,757,176
2022	2,971,173	416,582	3,387,755
2023	1,408,489	357,527	1,766,016
2024	1,520,777	314,399	1,835,176
2025	1,793,364	267,871	2,061,235
2026	1,835,931	216,275	2,052,206
2027	1,843,589	163,637	2,007,226
2028	1,206,259	118,625	1,324,884
2029	1,324,183	76,804	1,400,987
2030	372,130	48,471	420,601
2031	395,179	36,024	431,203
2032	418,288	22,814	441,102
2033	96,601	14,251	110,852
2034	99,982	10,869	110,851
2035	103,481	7,370	110,851
2036	107,093	3,759	110,852
<b>Total</b>	<b>\$ 20,310,000</b>	<b>\$ 4,208,819</b>	<b>\$ 24,518,819</b>

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements.

# Village of Hobart, Wisconsin

**DEBT SERVICE REQUIREMENTS TO MATURITY  
WATER UTILITY GENERAL OBLIGATION BONDS  
DECEMBER 31, 2017**

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 168,036	\$ 89,404	\$ 257,440
2019	173,671	84,380	258,051
2020	183,861	78,798	262,659
2021	189,545	72,784	262,329
2022	317,552	64,444	381,996
2023	327,817	53,532	381,349
2024	347,168	41,681	388,849
2025	380,135	28,548	408,683
2026	385,952	14,291	400,243
2027	61,145	6,356	67,501
2028	62,490	4,996	67,486
2029	63,864	3,606	67,470
2030	65,270	2,185	67,455
2031	<u>66,705</u>	<u>733</u>	<u>67,438</u>
Total	<u>\$ 2,793,211</u>	<u>\$ 545,738</u>	<u>\$ 3,338,949</u>

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements.

# Village of Hobart, Wisconsin

## DEBT SERVICE REQUIREMENTS TO MATURITY SEWER UTILITY GENERAL OBLIGATION BONDS DECEMBER 31, 2017

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 137,483	\$ 52,774	\$ 190,257
2019	140,204	48,924	189,128
2020	146,144	44,832	190,976
2021	146,615	40,628	187,243
2022	164,789	36,095	200,884
2023	172,980	31,126	204,106
2024	174,862	25,865	200,727
2025	158,406	20,287	178,693
2026	163,876	15,178	179,054
2027	135,000	10,517	145,517
2028	135,000	6,434	141,434
2029	140,000	2,188	142,188
Total	<u>\$ 1,815,359</u>	<u>\$ 334,848</u>	<u>\$ 2,150,207</u>

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements.

# Village of Hobart, Wisconsin

**DEBT SERVICE REQUIREMENTS TO MATURITY  
GREEN BAY METROPOLITAN SEWERAGE DISTRICT NOTES  
DECEMBER 31, 2017**

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<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 216,434	\$ 66,990	\$ 283,424
2019	225,247	58,177	283,424
2020	234,429	48,994	283,423
2021	239,324	39,426	278,750
2022	249,294	29,456	278,750
2023	141,628	19,066	160,694
2024	147,717	12,977	160,694
2025	154,068	6,625	160,693
	<u>\$ 1,608,141</u>	<u>\$ 281,711</u>	<u>\$ 1,889,852</u>

Note: Details regarding the village's outstanding debt can be found in the notes to the financial statements.

# Village of Hobart, Wisconsin

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF DECEMBER 31, 2017

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Governmental Unit	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct Debt:			
Village of Hobart	\$ 26,872,292	100.000%	\$ 26,872,292
Overlapping Debt:			
Pulaski Community School District	19,982,008	27.157%	5,426,514
West De Pere School District	19,785,000	9.825%	1,943,831
Brown County	117,445,000	3.345%	3,928,382
Northeast Wisconsin Technical College	103,480,000	1.710%	1,769,801
Total Overlapping Debt	<u>260,692,008</u>		<u>13,068,528</u>
Total Direct and Overlapping Debt	<u>\$ 287,564,300</u>		<u>\$ 39,940,820</u>

Source: Information on overlapping debt was obtained from each Village taxing jurisdiction. The Village share percentage was obtained from each jurisdictions tax levy reports as allocated by estimated actual valuations.

# Village of Hobart, Wisconsin

## LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$ 31,551,880	\$ 31,484,005	\$ 30,776,050	\$ 31,431,035	\$ 32,052,420	\$ 33,582,670	\$ 35,416,355	\$ 37,577,145	\$ 38,584,230	\$ 40,816,590
Total net debt applicable to limit	<u>1,929,760</u>	<u>3,435,870</u>	<u>4,247,569</u>	<u>14,973,507</u>	<u>19,069,391</u>	<u>17,959,305</u>	<u>24,858,326</u>	<u>24,404,476</u>	<u>26,390,938</u>	<u>30,936,904</u>
Legal debt margin	<u>\$ 29,622,120</u>	<u>\$ 28,048,135</u>	<u>\$ 26,528,481</u>	<u>\$ 16,457,528</u>	<u>\$ 12,983,029</u>	<u>\$ 15,623,365</u>	<u>\$ 10,558,029</u>	<u>\$ 13,172,669</u>	<u>\$ 12,193,292</u>	<u>\$ 9,879,686</u>
Total net debt applicable to the limit as a percentage of debt limit	6.12%	10.91%	13.80%	47.64%	59.49%	53.48%	70.19%	64.94%	68.40%	75.79%

### Computation of Legal Debt Margin 12/31/2017

Equalized Value	<u>\$ 816,331,800</u>
Debt limitation - 5 percent of total equalized value	\$ 40,816,590
Debt applicable to limitation	
Total outstanding general debt	\$ 31,113,820
Less: Amounts available in debt service funds	<u>176,916</u>
Total debt applicable to limitation	<u>30,936,904</u>
Legal Debt Margin	<u>\$ 9,879,686</u>

Note: Under state finance law, the Village of Hobart's outstanding debt should not exceed 5% of the total equalized valuation.

# Village of Hobart, Wisconsin

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

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Fiscal Year	(1) Population	Personal Income (amounts expressed in dollars)	(2) Per Capita Personal Income	(3) Unemployment Rate	(4) Median Age
2008	5,875	\$ 561,644,125	\$ 95,599	4.5%	36.0
2009	5,868	\$ 491,673,852	\$ 83,789	7.8%	35.0
2010	6,182	\$ 542,686,870	\$ 87,785	7.5%	43.4
2011	6,364	\$ 555,386,280	\$ 87,270	6.8%	43.4
2012	6,501	\$ 567,927,360	\$ 87,360	5.9%	43.4
2013	7,070	\$ 655,813,200	\$ 92,760	5.1%	43.3
2014	7,610	\$ 707,958,300	\$ 93,030	4.3%	43.3
2015	7,958	\$ 776,533,682	\$ 97,579	3.7%	40.8
2016	8,543	\$ 774,739,041	\$ 90,687	3.3%	N/A
2017	8,778	N/A	N/A	2.4%	N/A

(1) Wisconsin Department of Administration.

(2) Wisconsin Department of Revenue.

(3) Wisconsin Workforce Development - Brown County Unemployment Rates.

(4) Brown County Wisconsin City-Data.

N/A = Not available at time of printing of this report.

# Village of Hobart, Wisconsin

## PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

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<b>Employer</b>	<b>Nature of Business</b>	<b>2017 Employees</b>	<b>2008 Employees</b>
Bayland Buildings, Inc.	Design/Build General Contractor	188	125
EMT International	Manufacturing	117	*
Thornberry Creek Country Club	Golf Course	65	51
Idealair Heating & Cooling	Plumbing and HVAC	47	*
Robert E. Lee & Associates	Engineering Consulting	45	49
High View Custom Fab - HCF Inc.	Metal Fabricator	41	50
Bay Valley Foods	Food Processing/Distribution	38	46
Centerline Machine & Grinding	Metal Fabricator	15	*
Emerald Bay	Retirement Community	15	*
Safari Steakhouse	Restaurant	15	20

Source: Information on principal employers was obtained from Village financial consultant, PFM Financial Advisors LLC.

\* Business not in Village at this time

Footnote: Demographic and economic information indicating each employer's percentage of total employment data at this time is unavailable.

# Village of Hobart, Wisconsin

## FULL-TIME EQUIVALENT VILLAGE OF HOBART EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

FUNCTION	TITLE/POSITION	FY 2008 FTEs	FY 2009 FTEs	FY 2010 FTEs	FY 2011 FTEs	FY 2012 FTEs	FY 2013 FTEs	FY 2014 FTEs	FY 2015 FTEs	FY 2016 FTEs	FY 2017 FTEs
<b>ADMINISTRATION</b>											
	Village Administrator	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Intern/ Assistant to Administrator	0.00	0.00	0.00	0.00	0.00	0.375	0.50	0.70	1.00	1.00
<b>CLERK/TREASURER &amp; VILLAGE OFFICE</b>											
	Clerk/Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Deputy Clerk/Treasurer, Utility Billing Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Municipal Court/Administrative Clerk	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
	Police/Administrative Clerk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
<b>MUNICIPAL COURT</b>											
	Municipal Court/Administrative Clerk	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.80
<b>HOBART/LAWRENCE POLICE DEPARTMENT</b>											
	Police Chief	0.65	0.65	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875
	Patrol Lieutenant	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	1.000	1.000
	Patrol Officers	4.00	5.00	5.00	5.00	5.00	5.375	5.875	6.925	7.125	7.500
	Police/Administrative Clerk	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
<b>DEPARTMENT OF NEIGHBORHOOD SERVICES</b>											
	Director of Neighborhood Services	0.00	0.00	0.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Building Inspector/Zoning Administrator	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Public Works & Utilities Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Water/Sewer Operator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Public Works/Utilities Crew	2.00	2.00	2.00	2.00	2.00	2.80	2.90	3.00	3.00	3.00
<b>TOTAL FTEs ALL DEPARTMENTS</b>		<b>15.450</b>	<b>16.450</b>	<b>15.675</b>	<b>15.675</b>	<b>15.675</b>	<b>17.225</b>	<b>17.950</b>	<b>19.300</b>	<b>20.800</b>	<b>21.375</b>
Winter/summer seasonals, volunteer firefighters, and elected officials not included in FTE count.											

# Village of Hobart, Wisconsin

## Operating Indicators by Function-Last Nine Years

### FUNCTION: GENERAL GOVERNMENT

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Square Miles	33	33	33	33	33	33	33	33	33
Population	5,868	6,182	6,364	6,501	7,070	7,610	7,958	8,543	8,778
Real Estate Parcels	3,414	3,414	3,617	3,646	3,760	3,831	3,770	3,777	3,808
Dog Licenses Issued	213	196	211	218	228	242	306	347	334
Elections Held	2	3	4	5	2	3	1	4	2
Voters Served All elections	2,661	4,765	6,338	11,301	2,317	4,446	1,346	9,140	971
Ordinance & Ordinance Amendments Approved	7	7	9	7	5	10	3	9	8
Resolutions Approved	41	33	27	16	27	19	22	25	19
Village Board Meetings Held	45	35	36	33	32	41	33	36	31
Alarm Permits Issued	n/a	n/a	7	121	107	169	168	193	196
Public Hearings Noticed/Held	14	13	15	14	17	18	11	11	7
Hearing Notices Mailed	224	221	255	234	542	392	84		
Letter of Specials	n/a	n/a	34	186	333	510	317	290	304
Checks Processed	n/a	n/a	2,441	2,073	2,261	1,784	2,204	2,219	2,147
ACH payments processed	n/a	n/a	676	754	766	864	882	914	906
Accounting Consultant Hours	n/a	225	385	426	396	432	440	497	541
Utility Bills Processed	4,084	4,284	4,880	5,068	5,286	5,657	5,952	6,224	6,435
Total Water Customers as of January 1	1,016	1,022	1,069	1,140	1,269	1,360	1,451	1,502	1,555
Total Sewer Customers as of January 1	940	946	992	1,055	1,185	1,282	1,374	1,424	1,478
<p>Note: certain financial statistics only available 2011 and forward as the Village changed to new accounting software January 1, 2011</p>									

# Village of Hobart, Wisconsin

## Operating Indicators by Function-Last Nine Years

### FUNCTION: ADMINISTRATION & FINANCE

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Village Tax Rate*	\$4.10	\$4.20	\$4.20	\$4.17	\$4.17	\$4.17	\$4.32	\$4.41	\$4.41
Levy for Village Operations*	\$2,601,904	\$2,657,919	\$2,651,470	\$2,637,637	\$2,644,821	\$2,661,209	\$2,769,542	\$2,864,685	\$2,902,076
Village Population	5,868	6,182	6,364	6,501	7,070	7,610	7,958	8,543	8,778
Levy Per Capita*	\$443	\$430	\$417	\$406	\$374	\$350	\$348	\$335	\$331
Debt Service as % of Levy*	31.99%	34.61%	32.95%	28.97%	22.25%	14.13%	15.19%	18.80%	18.88%
G.O. Debt Levied*	\$832,313	\$919,820	\$873,539	\$764,011	\$588,359	\$376,124	\$420,754	\$538,560	\$548,000
G.O. Debt Levied Per Capita*	\$141.84	\$148.79	\$137.26	\$117.52	\$83.22	\$49.42	\$52.87	\$63.04	\$62.43
Total Full Time Equivalent Employees ("FTEs") (excluding Fire/Seasonals)	16.450	15.675	15.675	15.675	17.225	17.950	19.300	20.800	21.375
FTEs per capita	0.00280	0.00254	0.00246	0.00241	0.00244	0.00236	0.00243	0.00255	0.00244
Village Bond Rating (Standard & Poor's)	AA-	AA-	AA-	AA	AA	AA	AA+	AA	AA
Total Village Assessed Value as of January 1	\$ 634,439,000	\$ 632,791,400	\$ 649,364,300	\$ 666,891,300	\$ 699,444,600	\$ 731,162,300	\$ 753,905,200	\$ 775,572,200	\$ 807,617,400
Total Increment Value-TID #1 as of January 1	n/a	\$1,678,300	\$18,199,700	\$31,419,000	\$47,573,000	\$65,482,000	\$80,170,200	\$93,750,400	\$116,482,600
Total Increment Value-TID #2 as of January 1	n/a	n/a	n/a	\$2,712,216	\$14,356,200	\$25,085,900	\$32,381,800	\$32,267,100	\$34,900,100
* Actual Year Levied, Payable the following year.									

# Village of Hobart, Wisconsin

## Operating Indicators by Function-Last Nine Years

### FUNCTION: POLICE & COURT

Activity/Program Area	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Law Enforcement</b>									
<i>Total Calls for Service</i>	5,305	5,619	5,629	6,131	6,823	7,175	8,711	11,372	12,394
<i>Neighborhood Watch(NW) Groups</i>	n/a	n/a	n/a	13	13	15	19	22	17
<i>NW Meetings Held</i>	n/a	n/a	n/a	2	0	3	5	5	4
<i>NW Greetings</i>	n/a	n/a	n/a	25	7	45	57	100	24
<i>House Check Performed</i>	n/a	n/a	n/a	112	128	167	107	128	59
<i>Total Animal Complaints</i>	n/a	n/a	n/a	130	153	182	197	192	199
<i>Animal Citations Issued</i>	n/a	n/a	n/a	18	11	7	7	7	3
<i>Traffic Citations/Accidents</i>	n/a	n/a	n/a	141/226	167/272	103/200	99/233	81/234	95/282
<i>Speeding</i>	n/a	n/a	n/a	483	271	248	766	661	480
<i>OWI</i>	n/a	n/a	n/a	73	52	43	45	65	47
<i>Total Citations</i>	876	876	677	1,613	1,887	892	1,774	1,816	1,377
<i>Total Warnings</i>	n/a	n/a	n/a	290	331	351	357	411	722
<i>Non-Traffic Citations</i>	67	67	120	128	124	82	80	144	167
<i>Property Crimes</i>	87	87	89	168	165	145	119	94	96
<i>Person-to-Person Crimes</i>	n/a	n/a	n/a	14	*186	*153	*169	*121	*141
*Includes harassment, disturbances, battery, and sex offense									
<b>Municipal Court</b>									
<i>**Total Adult Citations</i>	1,202	1,002	765	1,455	1,076	816	1,448	1,563	1,130
<i>**Total Juvenile Citations</i>	30	11	15	8	6	5	11	12	12
<i>**Disorderly Conduct</i>	n/a	1	2	1	0	0	1	4	0
<i>**Criminal Damage to Property</i>	n/a	0	2	0	1	2	0	0	1
<i>*Total Cases Disposed of</i>	1,208	995	825	1,305	1,231	833	1,474	1,508	1,129
<i>Total Money Collected</i>	\$136,409.58	\$122,970.44	\$98,617.54	\$114,391.39	\$114,569.20	\$103,156.57	\$154,594.23	\$166,495.04	\$144,927.01
<i>Tax Intercept Collections</i>	n/a	n/a	\$9,746.13	\$7,325.71	\$8,295.43	\$7,961.26	\$10,769.44	\$8,949.53	\$12,385.85
<b>Notes: does not include cases sent to circuit court or other venues.</b>									
*Disposed of is by finding date **Citations are by violation date Offense could be committed one year and disposed of the following year									

# Village of Hobart, Wisconsin

## Operating Indicators by Function-Last Nine Years

### FUNCTION: FIRE & RESCUE

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Incidents</b>									
<i>Total Incidents</i>	83.0	78.0	96.0	93.0	96.0	89.0	130.0	135.0	150.0
<i>Structure Fires</i>	25.0	23.0	23.0	21.0	22.0	2.0	22.0	15.0	27.0
<i>Vehicle Incidents</i>	18.0	26.0	23.0	24.0	31.0	9.0	16.0	16.0	25.0
<i>Brush / Wildland</i>	9.0	7.0	9.0	8.0	5.0	2.0	14.0	6.0	9.0
<i>MABAS(Mutual Aid Box Alarm System)</i>	11.0	5.0	15.0	18.0	3.0	13.0	17.0	13.0	23.0
<i>False Alarms / Alarm activation no fire</i>	20.0	17.0	26.0	22.0	30.0	35.0	27.0	22.0	35.0
<i>Medical Assist / Service Calls</i>									18.0
<i>Carbon Monoxide Incidents</i>								14.0	13.0
<b>Response Times</b>									
<i>*Average Response from dispatch to arrival (Minutes)</i>	8.2	8.6	8.5	8.3	8.3	8.4	**9.25	6.4	6.1
<i>Average Length of Call (Hours)</i>	1.3	1.4	1.1	1.3	1.5	1.0	0.9	0.7	0.6
<i>Average Personnel per Incident</i>	9.0	7.0	7.0	7.0	7.2	7.0	5.5	5.4	5.8
<b>Personnel Participation</b>									
<i>Average Personnel at Meetings</i>	25.6	25.0	22.0	21.5	24.2	23.9	24.8	25.0	26.0
<i>Average Personnel at Trainings</i>	26.3	23.0	20.0	20.0	26.6	22.9	21.9	22.1	23.4
<i>Average Training/Meeting Hours Per Personnel</i>							112.4	109.6	114.5
<i>***Average Personnel at Maintenance night</i>	n/a	n/a	n/a	7.0	9.7	15.8	9.7	16.5	12.5
<b>Fire Safety Activities</b>									
<i>Public Education Activities</i>	10	9	11	18	16	18	11	13	12
<i>Fire Inspections</i>	187	190	207	203	290	250	278	262	274
<b>Population &amp; Membership</b>									
<i>Total Firefighters</i>	35	29	29	28	30	28	29	31	29
<i>Population Served</i>	5,868	5,928	6,364	6,501	7,070	7,610	7,958	8,650	9,200
<i>Firefighters per Capita</i>	0.0060	0.0049	0.0046	0.0043	0.0042	0.0037	0.0036	0.0036	0.0032
<b>Rescue Services (provided by County)</b>									
<i>Medical Service Calls</i>	217	248	262	296	335	469	420	454	462
<i>*Does not include MABAS incidents</i> <i>**Department now responds with no lights and sirens for non-emergency calls</i> <i>***Attendance is required for 5 Firefighters per event</i>									

# Village of Hobart, Wisconsin

## Operating Indicators by Function-Last Eight Years

### FUNCTION: PUBLIC WORKS & UTILITIES

Activity/Program Area	Measurement	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Infrastructure Inventory</b>									
<i>Road Lanes</i>	Miles	83.0	83.6	84.6	86.0	86.5	86.5	87.0	87.0
<i>Sewer Mains</i>	Lineal Feet	139,359	145,653	155,685	160,019	160,019	162,039	164,139	164,139
<i>Water Mains</i>	Lineal Feet	208,256	218,830	219,967	227,059	227,059	229,059	231,369	231,369
<i>Storm Mains</i>	Lineal Feet	45,821	50,659	54,154	65,249	65,249	66,829	68,789	68,789
<b>Snow Removal</b>									
	Number of Responses	32	31	24	38	46	33	36	35
	Snowfall amount	55.0	69.0	24.2	66.5	72.1	32.7	45.6	50.2
	Tons of Salt used	548	632	511	924	894	876	515	813
	Crew Hours	718.0	810.0	543.0	903.5	1,091.0	584.0	715.8	783.8
<b>Road Maintenance</b>									
<i>Potholes</i>	Cold mix (Tons)	n/a	40.0	35.0	44.8	33.0	26.9	46.8	44.5
	Crew Hours	n/a	69	60	245	195	187	276	230
<i>Shouldering</i>	Material (Tons)	n/a	60	80	420	46	1,142	823	962
	Crew Hours	n/a	72.0	90.0	160.0	65.5	208.0	237.0	201.0
<i>Street Sweeping</i>	Contractor Hours	n/a	46.8	57.5	62.0	58.5	87	198	69
<i>Signage</i>	Signs installed / replaced	n/a	30	22	152	85	148	92	153
	Crew Hours	n/a	12	10	270	150	285	150	356
<b>Solid and Yard Waste Collection</b>									
<i>Yard Waste</i>	Tonnage Collected	0	0	30	350	445	574	846	1,057
	Crew Hours	0	0	20	130	139	509	382	325
<i>Solid Waste</i>	Tonnage Collected	1,398.38	1,369.64	1,395.10	1,520.87	1,534.07	1,553.00	1,638.57	1,602.47
<i>Recyclable</i>	Tonnage Collected	609.16	636.18	617.03	629.79	639.13	637.00	668.29	658.16
<b>Utilities</b>									
<i>Utility Locates</i>	Number of Locates	n/a	1,150	1,364	2,021	1,588	1,571	1,630	2,098
	Crew Hours	n/a	575	682	338	342	328	347	343
<i>Scheduled Daily Rounds</i>	Crew Hours	730	730	730	803	258	296	252	281
<b>Water Utility</b>									
<i>New Meters</i>	Installed	50	70	116	92	109	34	54	84
	Crew Hours	20.0	32.0	57.0	61.0	78.0	73.5	48.5	52.0
<i>Meters Exchanged</i>	Number replaced	61	73	172	354	7	47	32	165
	Crew Hours	30	45	73	297	4	29	22	108
<i>Meters Repaired/Tested</i>	Number	87	52	174	496	42	63	48	152
<i>Move in/out Reads</i>	Number of Reads	79	106	203	113	202	166	141	218
	Crew Hours	20.0	27.0	51.0	87.5	126.0	118.0	101.0	127.0
<i>Valve Turning</i>	Valves Turned	n/a	304	147	57	45	69	84	140
	Crew Hours	n/a	91	73	28	26	42	64	82
<i>Watermain Flushing</i>	Crew Hours	160.0	148.0	68.0	79.5	64.0	124.0	85.0	94.0
<i>Water sampling</i>	Number of Samples	84	90	130	92	126	104	192	125
	Crew Hours	63	68	98	134	182	84	165	130
<b>Sanitary Sewer</b>									
<i>Sewer Mains</i>	Cleaned (Lineal Feet)	43,479	0	44,375	46,140	40,393	21,690	24,000	37,800
	Contractor Hours	40	0	50	56	47	42	47	51
	Televising (Lineal Feet)	43,479	0	44,352	46,140	40,393	21,690	24,000	38,400
	Contractor Hours	67	0	72	96	90	86	92	110

# Village of Hobart, Wisconsin

## Operating Indicators by Function-Last Eight Years

### FUNCTION: BUILDING INSPECTIONS, PLANNING & ZONING

ACTIVITY/PROGRAM AREA	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Summary Permit Data</b>								
<i>Number of Permits</i>	195	211	299	325	256	253	295	322
<i>Total Valuation</i>	\$14,203,468	\$29,211,856	\$28,257,623	\$28,984,079	\$22,749,733	\$27,432,217	\$31,937,854	\$43,695,032
<b>Residential Summary</b>								
<i>New 1&amp;2 Family Dwelling Structures</i>	45	60	102	80	64	41	68	70
<i>New Multi-Family Structures</i>	4	6	9	16	9	5	3	10
<i>Total New Multi-Family Dwelling Units</i>	56	48	128	106	92	133	48	167
<i>Total Residential Valuation on Permits</i>	\$5,012,850	\$12,446,050	\$19,377,777	\$25,776,688	\$19,951,685	\$24,207,444	\$20,556,598	\$30,429,981
<b>Commercial &amp; Industrial Summary</b>								
<i>Structures</i>	2	2	4	8	6	11	16	16
<i>Commercial &amp; Industrial Additions</i>	0	1	1	3	2	3	0	1
<i>Commercial &amp; Industrial Alterations</i>	1	2	1	7	10	1	9	10
<i>Total Commercial/Industrial Valuation on Permits*</i>	\$4,590,715	\$7,183,255	\$233,300	\$2,924,465	\$2,664,142	\$1,407,450	\$8,878,877	\$10,359,764
<b>Planning &amp; Zoning Commission</b>								
<i>Number of Meetings</i>	13	14	11	10	13	11	11	7
<i>Conditional Use Permits &amp; Planned Developments</i>	7	5	7	9	6	6	5	5
<i>Ordinance Amendments</i>	5	9	9	1	14	1	2	2
<i>Plats</i>	0	2	3	2	1	2	3	2
<i>Certified Survey Maps</i>	5	5	2	4	4	7	7	2
<i>Rezoning</i>	5	5	3	4	4	5	5	4
<i>Other Commission Actions</i>	**0	**0	**0	**0	1	6	6	5
<b>Board of Appeals</b>								
<i>Number of Meetings</i>	2	0	1	1	2	3	2	3
<i>Variances Approved</i>	2	0	1	1	2	3	2	5
<b>Site Review Committee</b>								
<i>Number of Meetings</i>	3	5	6	5	6	5	4	5
<i>Applications Reviewed</i>	3	5	12	7	7	6	7	6
<p>* Valuation based on when permits are issued not when value is realized on assessment roll</p> <p>**These permit numbers do not include those issued for just electric, HVAC or plumbing work (repairs and alterations) 101 permits. \$282,926 valuation.</p>								

# Village of Hobart, Wisconsin

## CAPITAL ASSET STATISTICS BY FUNCTION LAST NINE FISCAL YEARS

FUNCTION	FY 2009	FY2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Public Safety</b>									
Police Stations	1	1	1	1	1	1	1	1	1
Patrol Units	4	4	5	5	6	6	7	9	8
Fire Stations	2	2	2	2	2	2	2	2	2
<b>Highway and Streets</b>									
Street (road lanes)	83.0	83.0	83.6	84.6	86.0	86.5	86.5	87.0	87.0
<b>Culture and Recreation</b>									
Developed park acreage	45	45	45	45	45	45	46.7	46.7	46.7
Parks	2	2	2	2	2	2	3	3	3
<b>Water</b>									
Water mains (feet)	189,200	208,256	218,830	219,967	227,059	227,059	229,059	231,369	231,369
Fire Hydrants	363	374	386	393	410	422	498	502	519
<b>Sewers</b>									
Sanitary (feet)	139,359	139,359	145,653	155,685	160,019	160,019	162,039	164,139	164,139
Lift Stations	5	5	5	5	5	5	5	5	5
Storm (feet)	45,821	45,821	50,659	54,154	65,249	65,249	66,829	68,789	68,789
Sources: Various government departments.									

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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## Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Village Board  
Village of Hobart, Wisconsin

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hobart, Wisconsin, (the "Village") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated May 4, 2018.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2017-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2017-002 to be a significant deficiency.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## VILLAGE OF HOBART, WISCONSIN'S RESPONSE TO FINDINGS

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Green Bay, Wisconsin

May 4, 2018

# Village of Hobart, Wisconsin

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2017

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### SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2017-001	<b>Segregation of Duties - Clerk/Treasurer</b> Repeat of Finding 2016-001
Condition:	The Village has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Village's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Village's operations.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Village Board continue to monitor transactions and the financial records of the Village.
Management Response:	The Village has contracted with an experienced governmental finance professional to provide oversight and review of Village transactions and financial records.

# Village of Hobart, Wisconsin

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2017

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<b>FINDING NO.</b>	<b>CONTROL DEFICIENCIES</b>
2017-002	<b>Adjustments to the Village's Financial Records</b> Repeat of Finding 2016-002
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the Village's financial statements.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Village may contain material misstatements.
Recommendation:	We recommend the Village continue reviewing the adjusting, closing and GASB 34 conversion entries. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the Village is necessary to obtain and adequate understanding of the Village's financial reports.
Management Response:	The Village has contracted with an experienced governmental finance professional to review the adjusting, closing and GASB 34 conversion entries drafted by Schenck. Management has reviewed and approved the financial statements and other information prior to issuance.

## SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2017.