

**VILLAGE OF HOBART, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2005**

**VILLAGE OF HOBART, WISCONSIN**  
December 31, 2005

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 8
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10 - 11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12 - 13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14 - 15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	16
Statement of Net Assets - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Notes to Basic Financial Statements	20 - 33
<b>SUPPLEMENTAL INFORMATION</b>	
General Fund	
Detailed Comparison of Budgeted and Actual Revenues	34 - 35
Detailed Comparison of Budgeted and Actual Expenditures	36
<b>ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS</b>	
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	37 - 38



## INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

To the Village Board  
Village of Hobart, Wisconsin

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, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Hobart's management. Our responsibility is to express opinions on these basic 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2006, on our consideration of the Village's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial information listed in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Handwritten signature in cursive script, reading "Schumde SC".

Certified Public Accountants  
Green Bay, Wisconsin  
January 31, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# VILLAGE OF HOBART

## Management's Discussion and Analysis December 31, 2005

As management of the Village of Hobart, 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, 2005.

### Financial Highlights

- The assets of the Village exceeded its liabilities as of December 31, 2005 by \$4,946,917 (*net assets*). Of this amount, \$4,352,629 (*unrestricted net assets*) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net assets increased by \$380,278 due mostly to the repayment of long-term debt.
- As of December 31, 2005, the Village's governmental funds reported combined ending fund balances of \$10,095,939, an increase of \$5,068,610 in comparison with the prior year. Approximately 3% of this total amount, \$295,080 is *available for spending* at the Village's discretion (*unreserved fund balance*).
- As of December 31, 2005, unreserved fund balance for the general fund was \$664,940, or approximately 36% of total general fund expenditures.
- The Village's total general-obligation debt decreased by \$963,568 (14%) during 2005.

### 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 assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

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, and development. The business-type activities of the Village include water and sewer utilities.

The government-wide financial statements can be found on pages 9 - 11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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 County'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 four 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, golf course special revenue fund and debt service fund, which are all considered to be major funds, and the capital projects fund which is considered a nonmajor fund.

The Village adopts an annual appropriated budget for its general and debt service 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 12 - 16 of this report.

**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 and sewer 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 and sewer utility funds, both of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 17 - 19 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 20 - 33 of this report.

**Other information.** Supplemental schedules can be found on pages 34 - 36.

**Government-wide Financial Analysis**

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$4,946,917 at the close of 2005.

<b>Village of Hobart's Net Assets</b>						
<b>(in thousands of dollars)</b>						
	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 23,262	\$ 18,498	\$ 3,020	\$ 2,961	\$ 26,282	\$ 21,459
Capital assets	1,109	6,591	13,258	13,527	14,367	20,118
<b>Total Assets</b>	<b>24,371</b>	<b>25,089</b>	<b>16,278</b>	<b>16,488</b>	<b>40,649</b>	<b>41,577</b>
Long-term liabilities outstanding	13,833	14,797	9,604	9,909	23,437	24,706
Other liabilities	12,144	12,215	121	90	12,265	12,305
<b>Total Liabilities</b>	<b>25,977</b>	<b>27,012</b>	<b>9,725</b>	<b>9,999</b>	<b>35,702</b>	<b>37,011</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	(5,004)	(8,206)	3,654	3,618	(1,350)	(4,588)
Restricted	1,859	1,644	-	182	1,859	1,826
Unrestricted	1,539	4,639	2,899	2,689	4,438	7,328
<b>Total Net Assets</b>	<b>\$ (1,606)</b>	<b>\$ (1,923)</b>	<b>\$ 6,553</b>	<b>\$ 6,489</b>	<b>\$ 4,947</b>	<b>\$ 4,566</b>

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, 2005 the amount invested in capital assets net of related debt is negative because the Village has elected not to retroactively report its infrastructure assets.

An additional portion of the Village's net assets (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$4,352,629) may be used to meet the Village's ongoing obligations to citizens and creditors.

**Change in net assets.** Governmental activities increased the Village's net assets by \$316,656, thereby accounting for 83% of the total growth in net assets of the Village. Key elements of this increase are as follows:

<b>Village of Hobart's Change in Net Assets</b>						
<b>(In thousands of dollars)</b>						
	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 556	\$ 915	\$ 923	\$ 902	\$ 1,479	\$ 1,817
Operating grants and contributions	299	341	-	-	299	341
Capital grants and contributions	29	-	120	20	149	20
<b>General Revenues</b>						
Property taxes	2,268	1,689	-	240	2,268	1,929
Other taxes	65	145	-	-	65	145
Grants and contributions not restricted to specific programs	102	102	-	-	102	102
Other	248	213	224	131	472	344
<b>Total Revenues</b>	<b>3,567</b>	<b>3,405</b>	<b>1,267</b>	<b>1,293</b>	<b>4,834</b>	<b>4,698</b>
<b>Expenses</b>						
General government	1,032	677	-	-	1,032	677
Public safety	682	540	-	-	682	540
Public works	753	672	-	-	753	672
Conservation and development	194	117	-	-	194	117
Interest on long-term debt	694	664	-	-	694	664
Water utility	-	-	545	610	545	610
Sewer utility	-	-	553	481	553	481
<b>Total Expenses</b>	<b>3,355</b>	<b>2,670</b>	<b>1,098</b>	<b>1,091</b>	<b>4,453</b>	<b>3,761</b>
Increase in Net Assets Before Transfers	212	735	169	202	381	937
Transfers	105	117	(105)	(117)	-	-
<b>Change in Net Assets</b>	<b>317</b>	<b>852</b>	<b>64</b>	<b>85</b>	<b>381</b>	<b>937</b>
Net Assets - January 1	(1,923)	(2,774)	6,489	6,404	4,566	3,630
Net Assets - December 31	\$ (1,606)	\$ (1,922)	\$ 6,553	\$ 6,489	\$ 4,947	\$ 4,567

- Property taxes increased by \$207,775 (11%) during the year. Most of this increase was directed toward the payment of principal and interest on outstanding Village debt.
- Operating grants for governmental activities decreased by \$41,598, primarily as a result of a decrease in the Federal Police Grant.

## **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, *unreserved 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, 2005, the Village's governmental funds reported combined ending fund balances of \$10,095,939, an increase of \$5,068,610 in comparison with the prior year. Approximately 3% of this amount (\$295,080) constitutes *unreserved fund balance*, which is available for spending at the Village's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for capital project encumbrances (\$84,917), and 2) for future debt service payments (\$9,715,942).

The general fund is the main operating fund of the Village. At the end of the current year, unreserved fund balance of the general fund was \$664,940. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 36% of total general fund expenditures.

The fund balance of the Village's general fund increased by \$190,168 during the current year due to favorable revenue budget variances exceeding unfavorable expenditure budget variances.

The golf course special revenue fund has a total fund balance of \$7,942,048. Of this fund balance, \$7,857,131 is reserved for debt repayment and \$84,917 is reserved for golf course completion.

The fund balance of the golf course special revenue fund increased by \$4,897,197 due to proceeds from the sale of the golf course.

The debt service fund has a total fund balance of \$1,858,811 all of which is reserved for future debt service payments.

The fund balance of the debt service fund increased by \$214,810 during the current year due to special assessment collections in excess of current debt repayments.

**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 assets of the water utility enterprise fund at the end of the year amounted to \$4,187,908. The total growth in net assets was \$25,340.

Unrestricted net assets of the sewer utility enterprise fund at the end of the year amounted to \$2,364,965. The total increase in net assets was \$38,283.

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

## 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, 2005 amounts to \$14,367,780 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and construction in progress. The total decrease in the Village's investment in capital assets for the current year was \$5,750,537 or 29% over last year.

The major capital asset constructed during the year was the completion of the Duck Creek Interceptor for the sewer utility. The major capital asset disposal was the sale of the golf course.

Village of Hobart's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$ 528,800	\$ 528,800	\$ 508,671	\$ -	\$ 1,037,471	\$ 528,800
Golf course	-	5,450,947	-	-	-	5,450,947
Buildings	856,294	856,294	263,031	263,031	1,119,325	1,119,325
Improvements other than buildings	-	-	12,740,466	10,576,993	12,740,466	10,576,993
Machinery and equipment	607,565	584,398	2,536,692	2,663,222	3,144,257	3,247,620
Construction in progress	-	-	89,405	2,662,662	89,405	2,662,662
Less accumulated depreciation	(883,227)	(829,572)	(2,879,917)	(2,638,458)	(3,763,144)	(3,468,030)
<b>Total</b>	<b>\$ 1,109,432</b>	<b>\$ 6,590,867</b>	<b>\$ 13,258,348</b>	<b>\$ 13,527,450</b>	<b>\$ 14,367,780</b>	<b>\$ 20,118,317</b>

**Long-term debt.** At the end of the current fiscal year, the Village had total notes outstanding of \$23,437,220. Of this amount, \$6,761,228 comprises debt backed by the full faith and credit of the government, \$12,980,000 is bond anticipation notes which will be converted to general obligation debt at some future time, and \$3,695,992 is for interceptor costs being paid to the Green Bay Metropolitan Sewerage District.

Village of Hobart's Outstanding Debt General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
General obligation notes	\$ 6,113,201	\$ 7,076,769	\$ 648,027	\$ 40,017	\$ 6,761,228	\$ 7,116,786
Bond anticipation notes	7,720,000	7,720,000	5,260,000	8,255,000	12,980,000	15,975,000
Notes payable - Green Bay MSD	-	-	3,695,992	1,613,765	3,695,992	1,613,765
<b>Total</b>	<b>\$ 13,833,201</b>	<b>\$ 14,796,769</b>	<b>\$ 9,604,019</b>	<b>\$ 9,908,782</b>	<b>\$ 23,437,220</b>	<b>\$ 24,705,551</b>

The Village's total debt decreased by \$1,268,331 (5%) during the current fiscal year.

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 \$29,359,905, which is significantly in excess of the Village's \$6,761,228 in outstanding general obligation debt. It should be noted, however, that the Village must reserve a portion of its borrowing capacity for the \$12,980,000 which will be converted to general obligation debt at some time in the future.

### 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 Joe Helfenberger, Village Administrator, 2990 S. Pine Tree Road, Oneida, Wisconsin 54155.

## **BASIC FINANCIAL STATEMENTS**

VILLAGE OF HOBART, WISCONSIN

Statement of Net Assets

December 31, 2005

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 12,294,278	\$ 1,628,439	\$ 13,922,717
Receivables			
Taxes	9,752,850	-	9,752,850
Accounts	-	146,222	146,222
Special assessments	1,129,548	1,076,053	2,205,601
Other receivables (due from tax roll)	-	28,040	28,040
Restricted assets			
Cash and investments	84,917	-	84,917
Deferred charges - issuance costs	-	140,646	140,646
Property held for future use	-	508,671	508,671
Capital assets, nondepreciable			
Land	528,800	-	528,800
Construction in progress	-	89,405	89,405
Capital assets, depreciable			
Land improvements	-	12,740,466	12,740,466
Buildings and improvements	856,294	263,031	1,119,325
Machinery and equipment	607,565	2,536,692	3,144,257
Less: Accumulated depreciation	(883,227)	(2,879,917)	(3,763,144)
<b>TOTAL ASSETS</b>	<b>24,371,025</b>	<b>16,277,748</b>	<b>40,648,773</b>
<b>LIABILITIES</b>			
Accounts payable	14,231	16,128	30,359
Accrued and other current liabilities	7,626	16,032	23,658
Accrued interest payable	107,674	88,696	196,370
Due to other governments	8,906,997	-	8,906,997
Unearned revenues	3,107,252	-	3,107,252
Long-term obligations			
Due within one year	8,744,898	422,993	9,167,891
Due in more than one year	5,088,303	9,181,026	14,269,329
<b>TOTAL LIABILITIES</b>	<b>25,976,981</b>	<b>9,724,875</b>	<b>35,701,856</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(5,003,769)	3,654,329	(1,349,440)
Restricted for			
Debt service	1,858,811	-	1,858,811
Capital projects	84,917	-	84,917
Unrestricted	1,454,085	2,898,544	4,352,629
<b>TOTAL NET ASSETS</b>	<b>\$ (1,605,956)</b>	<b>\$ 6,552,873</b>	<b>\$ 4,946,917</b>

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, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,031,860	\$ 132,948	\$ -	\$ 982
Public safety	681,968	66,367	41,882	27,835
Public works	752,807	234,622	256,198	-
Conservation and development	193,935	10,545	1,630	-
Interest on debt	694,094	111,684	-	-
<b>Total Governmental Activities</b>	<u>3,354,664</u>	<u>556,166</u>	<u>299,710</u>	<u>28,817</u>
<b>Business-type Activities</b>				
Water utility	544,722	587,375	-	1,500
Sewer utility	552,920	334,956	-	118,056
<b>Total Business-type Activities</b>	<u>1,097,642</u>	<u>922,331</u>	<u>-</u>	<u>119,556</u>
<b>Total</b>	<u>\$ 4,452,306</u>	<u>\$ 1,478,497</u>	<u>\$ 299,710</u>	<u>\$ 148,373</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Other taxes

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

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - January 1

Net assets - December 31

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total

\$	(897,930)	\$	-	\$	(897,930)
	(545,884)		-		(545,884)
	(261,987)		-		(261,987)
	(181,760)		-		(181,760)
	(582,410)		-		(582,410)
	<u>(2,469,971)</u>		-		<u>(2,469,971)</u>

	-	44,153	44,153
	-	(99,908)	(99,908)
	-	(55,755)	(55,755)
	<u>(2,469,971)</u>	<u>(55,755)</u>	<u>(2,525,726)</u>

\$	839,175	\$	-	\$	839,175
	1,268,352		-		1,268,352
	159,996		-		159,996
	64,772		-		64,772
	101,983		-		101,983
	222,507	100,577			323,084
	25,144	123,499			148,643
	104,698	(104,698)			-
	<u>2,786,627</u>	<u>119,378</u>			<u>2,906,005</u>
	316,656	63,623			380,279
	<u>(1,922,612)</u>	<u>6,489,250</u>			<u>4,566,638</u>
\$	<u>(1,605,956)</u>	\$	<u>6,552,873</u>	\$	<u>4,946,917</u>

**VILLAGE OF HOBART, WISCONSIN**

Balance Sheet  
Governmental Funds  
December 31, 2005

	General	Golf Course Special Revenue	Debt Service	Nonmajor Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 2,619,624	\$ 7,815,843	\$ 1,858,811	\$ -	\$ 12,294,278
Receivables					
Taxes	7,953,258	-	1,484,190	286,335	9,723,783
Delinquent taxes and special assessments	29,067	-	-	-	29,067
Special assessments	-	-	1,129,548	-	1,129,548
Due from other funds	368,384	41,288	-	-	409,672
Restricted cash and investments	-	84,917	-	-	84,917
<b>TOTAL ASSETS</b>	<b>\$ 10,970,333</b>	<b>\$ 7,942,048</b>	<b>\$ 4,472,549</b>	<b>\$ 286,335</b>	<b>\$ 23,671,265</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 12,755	\$ -	\$ -	\$ 1,476	\$ 14,231
Accrued payroll liabilities	7,626	-	-	-	7,626
Due to other funds	41,288	-	-	368,384	409,672
Due to other governmental units	8,906,997	-	-	-	8,906,997
Deferred revenue	1,336,727	-	2,613,738	286,335	4,236,800
<b>Total Liabilities</b>	<b>10,305,393</b>	<b>-</b>	<b>2,613,738</b>	<b>656,195</b>	<b>13,575,326</b>
<b>Fund Balances</b>					
<b>Reserved for</b>					
Retirement of long-term debt	-	7,857,131	1,858,811	-	9,715,942
Construction of assets	-	84,917	-	-	84,917
<b>Unreserved</b>					
<b>Undesignated, reported in</b>					
General fund	664,940	-	-	-	664,940
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	(369,860)	(369,860)
<b>Total Fund Balances</b>	<b>664,940</b>	<b>7,942,048</b>	<b>1,858,811</b>	<b>(369,860)</b>	<b>10,095,939</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,970,333</b>	<b>\$ 7,942,048</b>	<b>\$ 4,472,549</b>	<b>\$ 286,335</b>	<b>\$ 23,671,265</b>

(Continued)

**VILLAGE OF HOBART, WISCONSIN**  
 Balance Sheet (Continued)  
 Governmental Funds  
 December 31, 2005

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page		\$ 10,095,939
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		1,109,432
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$(13,833,201)	
Accrued interest on long-term obligations	<u>(107,674)</u>	(13,940,875)
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.		
Special assessments		<u>1,129,548</u>
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 9)		<u>\$ (1,605,956)</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  
Year Ended December 31, 2005

	General	Golf Course Special Revenue	Debt Service	Nonmajor Capital Projects	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 903,947	\$ -	\$ 1,268,352	\$ 159,996	\$ 2,332,295
Special assessments	-	-	238,591	-	238,591
Intergovernmental	487,214	-	-	-	487,214
Licenses and permits	105,894	-	-	-	105,894
Fines and forfeits	33,010	-	-	-	33,010
Public charges for services	235,928	-	-	-	235,928
Other general government	184,835	111,684	75,178	585	372,282
Proceeds from sale of golf course	-	5,089,597	-	-	5,089,597
<b>Total Revenues</b>	<b>1,950,828</b>	<b>5,201,281</b>	<b>1,582,121</b>	<b>160,581</b>	<b>8,894,811</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	647,531	9,228	-	-	656,759
Public safety	626,338	-	-	-	626,338
Public works	552,353	-	-	-	552,353
Conservation and development	39,136	-	-	-	39,136
<b>Debt service</b>					
Principal	-	-	1,081,624	-	1,081,624
Interest and fiscal charges	-	294,856	285,687	-	580,543
Capital outlay	-	-	-	394,146	394,146
<b>Total Expenditures</b>	<b>1,865,358</b>	<b>304,084</b>	<b>1,367,311</b>	<b>394,146</b>	<b>3,930,899</b>
<b>Excess of Revenues Under Expenditures</b>	<b>85,470</b>	<b>4,897,197</b>	<b>214,810</b>	<b>(233,565)</b>	<b>4,963,912</b>
<b>Other Financing Sources</b>					
Transfers in	104,698	-	-	-	104,698
<b>Net Change in Fund Balances</b>	<b>190,168</b>	<b>4,897,197</b>	<b>214,810</b>	<b>(233,565)</b>	<b>5,068,610</b>
<b>Fund Balances - January 1</b>	<b>474,772</b>	<b>3,044,851</b>	<b>1,644,001</b>	<b>(136,295)</b>	<b>5,027,329</b>
<b>Fund Balances - December 31</b>	<b>\$ 664,940</b>	<b>\$ 7,942,048</b>	<b>\$ 1,858,811</b>	<b>\$ (369,860)</b>	<b>\$ 10,095,939</b>

(Continued)

**VILLAGE OF HOBART, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
Year Ended December 31, 2005

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page \$ 5,068,610

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	31,467
Depreciation expense reported in the statement of activities	(61,955)
Proceeds from the sale of capital assets	(5,450,947)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:

963,568

Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.

4,505

Revenues reported in the fund statement that were earned in a prior year are not recognized as revenues in the statement of activities.

(238,592)

Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see pages 10 - 11)

\$ 316,656

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  
Budget and Actual  
General  
Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 841,920	\$ 841,920	\$ 903,947	\$ 62,027
Intergovernmental	462,892	462,892	487,214	24,322
Licenses and permits	131,563	131,563	105,894	(25,669)
Fines and forfeits	32,000	32,000	33,010	1,010
Public charges for services	245,464	245,464	235,928	(9,536)
Other general government	33,000	33,000	184,835	151,835
<b>Total Revenues</b>	<b>1,746,839</b>	<b>1,746,839</b>	<b>1,950,828</b>	<b>203,989</b>
<b>Expenditures</b>				
General government	578,848	578,848	647,531	(68,683)
Public safety	639,485	639,485	626,338	13,147
Public works	594,652	594,652	552,353	42,299
Conservation and development	45,854	45,854	39,136	6,718
<b>Total Expenditures</b>	<b>1,858,839</b>	<b>1,858,839</b>	<b>1,865,358</b>	<b>(6,519)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(112,000)</b>	<b>(112,000)</b>	<b>85,470</b>	<b>197,470</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	112,000	112,000	104,698	(7,302)
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>190,168</b>	<b>190,168</b>
<b>Fund Balances - January 1</b>	<b>474,772</b>	<b>474,772</b>	<b>474,772</b>	<b>-</b>
<b>Fund Balances - December 31</b>	<b>\$ 474,772</b>	<b>\$ 474,772</b>	<b>\$ 664,940</b>	<b>\$ 190,168</b>

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

**VILLAGE OF HOBART, WISCONSIN**

Statement of Net Assets

Proprietary Funds

December 31, 2005

	Water Utility	Sewer Utility	Total
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 1,157,717	\$ 470,722	\$ 1,628,439
Accounts receivable	67,201	79,021	146,222
Other receivables	13,171	14,869	28,040
<b>Total Current Assets</b>	<b>1,238,089</b>	<b>564,612</b>	<b>1,802,701</b>
Noncurrent assets			
Capital assets, nondepreciable			
Construction in progress	89,405	-	89,405
Property held for future use	-	508,671	508,671
Capital assets, depreciable			
Structure and improvements	263,031	-	263,031
Improvements other than buildings	7,187,095	5,553,371	12,740,466
Equipment	273,495	2,263,197	2,536,692
Less: Accumulated depreciation	(983,845)	(1,896,072)	(2,879,917)
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>6,829,181</b>	<b>6,429,167</b>	<b>13,258,348</b>
Other Assets			
Special assessments	726,610	234,255	960,865
Special assessments deferred	115,188	-	115,188
Unamortized debt discount and expense	105,508	35,138	140,646
<b>Total Noncurrent Assets</b>	<b>7,776,487</b>	<b>6,698,560</b>	<b>14,475,047</b>
<b>TOTAL ASSETS</b>	<b>9,014,576</b>	<b>7,263,172</b>	<b>16,277,748</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	1,274	14,854	16,128
Accrued expenses	10,431	5,601	16,032
Accrued interest	29,428	59,268	88,696
Noncurrent			
Due within one year	237,917	185,076	422,993
Due in more than one year	4,547,618	4,633,408	9,181,026
<b>TOTAL LIABILITIES</b>	<b>4,826,668</b>	<b>4,898,207</b>	<b>9,724,875</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,043,646	1,610,683	3,654,329
Unrestricted	2,144,262	754,282	2,898,544
<b>TOTAL NET ASSETS</b>	<b>\$ 4,187,908</b>	<b>\$ 2,364,965</b>	<b>\$ 6,552,873</b>

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 Fund Net Assets  
Proprietary Funds  
Year Ended December 31, 2005

	Water Utility	Sewer Utility	Total
Operating Revenues			
Charges for Services			
Metered sales			
Residential	\$ 344,765	\$ 307,282	\$ 652,047
Commercial	17,669	22,109	39,778
Public authority	1,467	2,886	4,353
Private fire protection	4,168	-	4,168
Public fire protection	203,434	-	203,434
Total Charges for Services	<u>571,503</u>	<u>332,277</u>	<u>903,780</u>
Other Operating Revenues			
Inspection fees	1,175	2,000	3,175
Water testing	740	-	740
Well operation permits	3,000	-	3,000
Other Operating Revenues	10,957	116,978	127,935
Total Other Operating Revenues	<u>15,872</u>	<u>118,978</u>	<u>134,850</u>
Total Operating Revenues	<u>587,375</u>	<u>451,255</u>	<u>1,038,630</u>
Operating Expenses			
Operation and Maintenance			
Purchased water	16,117	-	16,117
Power for pumping	29,205	3,018	32,223
Operation labor	67,358	38,272	105,630
Treatment charges	-	185,859	185,859
Chemicals	11,195	-	11,195
Maintenance of plant	5,555	37,857	43,412
Operation supplies and expense	13,311	4,024	17,335
Administrative and general salaries	18,864	9,594	28,458
Office supplies and expense	4,593	1,018	5,611
Outside services	1,758	2,500	4,258
Employee pensions and benefits	25,866	18,102	43,968
Transportation expense	112	-	112
Miscellaneous general expenses	4,817	-	4,817
Total Operation and Maintenance	<u>198,751</u>	<u>300,244</u>	<u>498,995</u>
Depreciation	145,882	136,081	281,963
Taxes	5,891	-	5,891
Total Operating Expenses	<u>350,524</u>	<u>436,325</u>	<u>786,849</u>
Operating Income	<u>236,851</u>	<u>14,930</u>	<u>251,781</u>
Nonoperating Revenues (Expenses)			
Interest income	85,060	15,517	100,577
Hook-up fees	-	7,200	7,200
Amortization of debt issuance costs	(7,405)	(1,929)	(9,334)
Interest and fiscal charges	(186,793)	(114,666)	(301,459)
Total Nonoperating Revenues (Expenses)	<u>(109,138)</u>	<u>(93,878)</u>	<u>(203,016)</u>
Income Before Contributions and Transfers	127,713	(78,948)	48,765
Capital contributions	1,500	118,056	119,556
Transfers out	(103,873)	(825)	(104,698)
Change in Net Assets	25,340	38,283	63,623
Net Assets - January 1	<u>4,162,568</u>	<u>2,326,682</u>	<u>6,489,250</u>
Net Assets - December 31	<u>\$ 4,187,908</u>	<u>\$ 2,364,965</u>	<u>\$ 6,552,873</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

Year Ended December 31, 2005

	Water Utility	Sewer Utility	Total
<b>Cash Flows from Operating Activities</b>			
Cash received from user charges	\$ 586,873	\$ 443,922	\$ 1,030,795
Cash payments to suppliers	(123,501)	(249,946)	(373,447)
Cash payments to employees	(81,921)	(46,680)	(128,601)
Net Cash Provided by Operating Activities	<u>381,451</u>	<u>147,296</u>	<u>528,747</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Paid to municipality for tax equivalent	<u>(103,873)</u>	<u>(825)</u>	<u>(104,698)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	(11,293)	-	(11,293)
Proceeds of long-term debt	-	2,779,107	2,779,107
Principal payments on long-term debt	(236,932)	(2,846,937)	(3,083,869)
Interest payments on long-term debt	(193,469)	(83,740)	(277,209)
Hook up fees	-	7,200	7,200
Contributions from property owners	300,219	136,812	437,031
Net Cash Used by Capital and Related Financing Activities	<u>(141,475)</u>	<u>(7,558)</u>	<u>(149,033)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on investments	<u>85,060</u>	<u>15,517</u>	<u>100,577</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	221,163	154,430	375,593
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>936,554</u>	<u>316,292</u>	<u>1,252,846</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,157,717</u>	<u>\$ 470,722</u>	<u>\$ 1,628,439</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 236,851	\$ 14,930	\$ 251,781
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	149,417	136,081	285,498
Changes in assets and liabilities			
Accounts receivable	(502)	(7,333)	(7,835)
Other receivables	(13,171)	(14,869)	(28,040)
Accounts payable	(237)	13,663	13,426
Accrued expenses	9,093	4,824	13,917
Net Cash Provided by Operating Activities	<u>\$ 381,451</u>	<u>\$ 147,296</u>	<u>\$ 528,747</u>

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

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE A - 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:

1. Reporting Entity

The Village of Hobart 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 (the primary government) 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 by GASB Statement Nos. 14 and 39.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 financial statements. 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 main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

GOLF COURSE SPECIAL REVENUE FUND

This fund is used to account for the collection of the golf course lease revenue and to pay expenses and debt service related to the golf course.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

DEBT SERVICE FUND

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

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.

3. 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 and fiduciary 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, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

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.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost 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.

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined on the balance sheet. 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 amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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.

b. Accounts Receivable

Accounts receivable are recorded at gross amount 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.

c. 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" on the balance sheet. Noncurrent portions of the interfund receivables for the governmental funds are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

d. Capital Assets

Capital assets, which include property, plant, and equipment, 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 cost 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 fair 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.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

<u>Assets</u>	Governmental Activities	Business-Type Activities
	Years	
Buildings	40	25 - 50
Improvements other than buildings	-	25 - 100
Machinery and equipment	4 - 20	3 - 10

e. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

f. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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.

g. Fund Equity

FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE STATEMENTS

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

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are 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 assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. 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.

**NOTE B - STEWARDSHIP AND COMPLIANCE**

1. Budgets and Budgetary Accounting

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

- a. 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.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and debt service 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.
- c. During the year, formal budgetary integration is employed as a management control device for the general and debt service funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.
- d. 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.
- e. 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, 2005.

2. Deficit Fund Equity

The following fund had deficit fund equity as of December 31, 2005:

Fund	Deficit Fund Equity
Capital Projects Fund	\$369,860

The Village anticipates funding the above deficits from future operations of the fund.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. 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 in 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 \$14,007,634 on December 31, 2005 as summarized below:

Deposits with financial institutions	\$ 5,625,062
Investments	
U.S. Treasury note	7,900,760
Wisconsin local government investment pool	481,812
	<b>\$ 14,007,634</b>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 13,922,717
Restricted cash and investments	84,917
	<b>\$ 14,007,634</b>

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

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 are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, 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.

As of December 31, 2005, \$5,253,346 of the Village's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Credit Risk

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. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
U.S. Treasury notes	\$ 7,900,761	\$ 7,900,761	\$ -	\$ -	\$ -
Wisconsin local government investment pool	481,812	-	-	-	481,812
	<u>\$ 8,382,573</u>	<u>\$ 7,900,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481,812</u>

Concentration of Credit Risk

The investment policy of the Village contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

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.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury notes	\$ 7,900,761	\$ 7,900,761	\$ -	\$ -	\$ -
Wisconsin local government investment pool	481,812	481,812	-	-	-
	<u>\$ 8,382,573</u>	<u>\$ 8,382,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$481,812 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 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, 2005, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. 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 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 Collage and the State of Wisconsin. Brown County has assumed tax collection responsibilities for the Village.

3. Restricted Assets

Restricted assets on December 31, 2005 totaled \$84,917 and consisted of cash and investments held for the following purposes:

Special Revenue Fund		
Golf Course		<u>\$ 84,917</u>

4. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Government activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 528,800	\$ -	\$ -	\$ 528,800
Golf Course	5,450,947	-	5,450,947	-
Total capital assets, not being depreciated	5,979,747	-	5,450,947	528,800
Capital assets, being depreciated:				
Buildings	856,294	-	-	856,294
Machinery and equipment	45,600	-	-	45,600
Vehicles	538,798	31,467	8,300	561,965
Subtotals	1,440,692	31,467	8,300	1,463,859
Less accumulated depreciation for:				
Buildings	443,954	20,348	-	464,302
Machinery and equipment	23,560	4,560	-	28,120
Vehicles	362,058	37,047	8,300	390,805
Subtotals	829,572	61,955	8,300	883,227
Total capital assets, being depreciated, net	611,120	(30,488)	-	580,632
Governmental activities capital assets, net	\$ 6,590,867	\$ (30,488)	\$ 5,450,947	1,109,432
Less related long-term debt outstanding				6,113,201
Investment in capital assets, net of related debt				\$ (5,003,769)

**VILLAGE OF HOBART, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,662,662	\$ -	\$ 2,573,257	\$ 89,405
Property held for future use	-	508,671	-	508,671
Subtotals	<u>2,662,662</u>	<u>508,671</u>	<u>2,573,257</u>	<u>598,076</u>
Capital assets, being depreciated:				
Buildings	263,031	-	-	263,031
Improvements other than buildings	10,576,993	2,164,373	900	12,740,466
Machinery and equipment	2,663,222	-	126,530	2,536,692
Subtotals	<u>13,503,246</u>	<u>2,164,373</u>	<u>127,430</u>	<u>15,540,189</u>
Less accumulated depreciation for:				
Water utility	835,328	149,417	900	983,845
Sewer utility	1,803,130	132,546	39,604	1,896,072
Subtotals	<u>2,638,458</u>	<u>281,963</u>	<u>40,504</u>	<u>2,879,917</u>
Total capital assets, being depreciated, net	<u>10,864,788</u>	<u>1,882,410</u>	<u>86,926</u>	<u>12,660,272</u>
Business-type activities capital assets, net	<u>\$ 13,527,450</u>	<u>\$ 2,391,081</u>	<u>\$ 2,660,183</u>	13,258,348
Less related long-term debt outstanding				<u>9,604,019</u>
Investment in capital assets, net of related debt				<u>\$ 3,654,329</u>
Depreciation expense was charged to functions of the Village as follows:				
Governmental activities				
General government				\$ 12,296
Public safety				35,070
Public works				14,408
Conservation and development				181
Total depreciation expense - governmental activities				<u>\$ 61,955</u>
Business-type activities				
Water utility				\$ 145,882
Sewer utility				136,081
Total depreciation expense - business-type activities				<u>\$ 281,963</u>

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2005 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 368,384	\$ 41,288
Golf Course Special Revenue Fund	41,288	-
Capital Project Fund	-	368,384
Totals	<u>\$ 409,672</u>	<u>\$ 409,672</u>

Interfund transfers for the year ended December 31, 2005 were as follows:

	Transfer to: General Fund
Transfers from:	
Water Utility enterprise fund	\$ 103,873
Sewer Utility enterprise fund	825
Totals	<u>\$ 104,698</u>

The transfers for 2005 relate to the utility payment in lieu of taxes made by the utilities to the Village's general fund.

6. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet recognizable. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable		
General fund	\$ -	\$ 1,336,727
Debt service fund	-	1,484,190
Capital projects fund	-	286,335
Special assessments		
Debt service fund	1,129,548	-
Totals	<u>\$ 1,129,548</u>	<u>\$ 3,107,252</u>

Special assessments are generally collectible in annual installments.

**VILLAGE OF HOBART, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2005:

	Outstanding 1/1/05	Issued	Retired	Outstanding 12/31/05	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Notes	\$ 7,076,769	\$ -	\$ 963,568	\$ 6,113,201	\$ 1,024,898
Taxable bond anticipation note	7,720,000	-	-	7,720,000	7,720,000
Governmental activities					
Long-term obligations	<u>\$ 14,796,769</u>	<u>\$ -</u>	<u>\$ 963,568</u>	<u>\$ 13,833,201</u>	<u>\$ 8,744,898</u>
<b>Business-type activities:</b>					
General Obligation Debt					
Notes	\$ 40,017	\$ 627,526	\$ 19,516	\$ 648,027	\$ 30,194
Bond anticipation notes	8,255,000	-	2,995,000	5,260,000	240,000
Notes payable - Green Bay MSD	1,613,765	2,151,580	69,353	3,695,992	152,799
Business-type activities					
Long-term obligations	<u>\$ 9,908,782</u>	<u>\$ 2,779,106</u>	<u>\$ 3,083,869</u>	<u>\$ 9,604,019</u>	<u>\$ 422,993</u>

Total interest paid during the year on long-term debt totaled \$852,396.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$1,535,000 issued 6/1/98; \$200,000 due annually through 2007; interest 4.6%	\$ 400,000
\$1,185,000 issued 6/1/02; \$125,000 to \$150,000 due annually through 2011; interest 4.3% to 4.8%	795,000
\$93,313 issued 3/28/01; \$20,501 due in 2006; interest 4.75%	20,501
\$1,085,000 issued 3/1/02; \$100,000 to \$170,000 due annually through 2011; interest 3.6% to 4.4%	805,000
\$2,635,000 issued 11/15/02; \$145,000 to \$335,000 due annually through 2013; interest 3.0% to 4.0%	1,650,000
\$1,125,000 issued 7/15/03; \$80,000 to \$115,000 due annually through 2016; interest 3.6% to 3.8%	1,050,000
\$1,340,000 issued 12/15/03; \$75,000 to \$225,000 due annually through 2014; interest 4.7% to 5.6%	1,285,000
\$212,065 issued 9/2/02; \$29,898 to \$34,272 due annually through 2009; interest 4.6%	128,201
\$627,526 issued 2005; \$9,693 to \$521,745 due annually through 2015; interest 4.75%	<u>627,526</u>
Total Outstanding General Obligation Debt	<u>\$ 6,761,228</u>

**VILLAGE OF HOBART, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$6,761,228 on December 31, 2005 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 1,024,898	\$ 248,500	\$ 30,193	\$ 30,833	\$ 1,055,091	\$ 279,333
2007	836,291	209,122	10,153	29,347	846,444	238,469
2008	667,739	174,006	10,635	28,865	678,374	202,871
2009	624,273	147,191	11,140	28,360	635,413	175,551
2010	625,000	119,724	11,670	27,830	636,670	147,554
2011-2015	2,220,000	223,510	574,236	130,292	2,794,236	353,802
2016	115,000	2,185	-	-	115,000	2,185
	<u>\$ 6,113,201</u>	<u>\$ 1,124,238</u>	<u>\$ 648,027</u>	<u>\$ 275,527</u>	<u>\$ 6,761,228</u>	<u>\$ 1,399,765</u>

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2005 was \$24,457,488 as follows:

Equalized valuation of the Village		\$587,198,100
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		29,359,905
Total outstanding general obligation debt applicable to debt limitation	\$ 6,761,228	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>1,858,811</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>4,902,417</u>
Legal Margin for New Debt		<u><u>\$ 24,457,488</u></u>

The Village has outstanding \$12,980,000 in bond anticipation notes (BANs). Although the outstanding BANs are not included in the calculation of the legal debt margin, the Village is required to reserve its legal debt margin for the amount of the outstanding BANs.

**VILLAGE OF HOBART, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2005

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Notes Payable - Green Bay Metropolitan Sewage District

Notes Payable - Green Bay Metropolitan Sewage District outstanding on December 31, 2005 totaled \$3,695,992 and were comprised of the following issues:

\$187,713 issued 1982 for interceptor construction; \$6,257 due annually through 2011; non-interest bearing	\$ 37,543
\$135,545 issued 1992 for interceptor construction; \$4,674 due annually through 2020; non-interest bearing	70,109
\$1,697,786 issued 1999 for interceptor construction; \$60,737 to \$113,506 due annually through 2022; interest 2.64% to 5%	1,436,759
\$2,151,581 issued 2005 for interceptor construction; \$67,797 to \$163,161 due annually through 2025; interest 5.00%	<u>2,151,581</u>
Total Notes Payable - Green Bay MSD	<u><u>\$ 3,695,992</u></u>

	Business-type Activities	
	Principal	Interest
2006	\$ 152,799	\$ 147,507
2007	141,873	158,434
2008	147,768	152,539
2009	153,933	146,373
2010	160,382	139,924
2011-2015	884,501	592,001
2016-2020	1,090,374	379,871
2021-2025	964,362	128,346
	<u>\$ 3,695,992</u>	<u>\$ 1,844,995</u>

Bond Anticipation Notes

Bond anticipation notes outstanding at December 31, 2005 totaled \$12,980,000 and were comprised of the following issues:

\$7,720,000 issued 11/1/04; \$7,720,000 due in 2007; interest 4.5%	\$ 7,720,000
\$5,500,000 issued 11/1/04; \$240,000 due annually through 2008 and \$4,540,000 due in 2009; interest 2.7% to 3.75%	<u>5,260,000</u>
Total Bond Anticipation Notes	<u><u>\$ 12,980,000</u></u>

Annual principal and interest maturities of the above outstanding bond anticipation notes of \$12,980,000 on December 31, 2005 are shown below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 7,720,000	\$ 173,700	\$ 240,000	\$ 188,370	\$ 7,960,000	\$ 362,070
2007	-	-	240,000	181,890	240,000	181,890
2008	-	-	240,000	174,450	240,000	174,450
2009	-	-	4,540,000	85,125	4,540,000	85,125
	<u>\$ 7,720,000</u>	<u>\$ 173,700</u>	<u>\$ 5,260,000</u>	<u>\$ 629,835</u>	<u>\$12,980,000</u>	<u>\$ 803,535</u>

**VILLAGE OF HOBART, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2005

**NOTE D - OTHER INFORMATION**

1. 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.

2. 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.

## **SUPPLEMENTAL INFORMATION**

**VILLAGE OF HOBART, WISCONSIN**  
General Fund  
Detailed Comparison of Budgeted and Actual Revenues  
Year Ended December 31, 2005  
With Comparative Actual Amounts for Year Ended December 31, 2004

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
<b>Taxes</b>				
General property	\$ 840,175	\$ 839,175	\$ (1,000)	\$ 600,764
Managed forest crop tax	12	61	49	91
County culvert reimbursement	-	56,229	56,229	7,296
Payment in lieu of taxes	1,333	1,374	41	137,147
Interest on taxes	400	6,278	5,878	-
Use Value Penalty	-	830	830	-
<b>Total Taxes</b>	<b>841,920</b>	<b>903,947</b>	<b>62,027</b>	<b>745,298</b>
<b>Intergovernmental</b>				
<b>Federal aids</b>				
Police grant	-	18,835	18,835	70,016
<b>State aids</b>				
Shared taxes	98,918	98,918	-	98,919
Fire insurance	18,000	19,137	1,137	34,373
Fire department grant	-	3,910	3,910	1,350
Transportation	232,509	232,509	-	202,182
Exempt computer aid	-	3,065	3,065	2,912
Gypsy moth grant	6,000	1,630	(4,370)	9,177
Forest crop	-	-	-	12
Recycling	23,690	23,689	(1)	23,690
<b>Local aids</b>				
Reimbursements from the Town of Lawrence	83,775	85,521	1,746	29,824
<b>Total Intergovernmental</b>	<b>462,892</b>	<b>487,214</b>	<b>24,322</b>	<b>472,455</b>
<b>Licenses and Permits</b>				
Quarry permits	1,760	1,535	(225)	2,110
Liquor and malt beverages	1,610	1,870	260	1,610
Operators license	900	540	(360)	1,195
Cigarette license	50	200	150	50
Dog license	1,940	873	(1,067)	1,037
Cable TV franchise fees	21,500	23,671	2,171	20,882
Building permits and associated fees	67,700	46,107	(21,593)	66,072
Site review permits	1,500	845	(655)	1,340
Park fee/building permit	14,000	6,000	(8,000)	11,450
Park developer fees	2,000	1,850	(150)	4,438
Rent-park/hall/shelter	2,500	4,550	2,050	4,460
Rent-land and tower	13,203	15,168	1,965	20,716
Zoning permits	2,900	2,685	(215)	3,210
<b>Total Licenses and Permits</b>	<b>131,563</b>	<b>105,894</b>	<b>(25,669)</b>	<b>138,570</b>

(Continued)

**VILLAGE OF HOBART, WISCONSIN**

General Fund

Detailed Comparison of Budgeted and Actual Revenues (Continued)

Year Ended December 31, 2005

With Comparative Actual Amounts for Year Ended December 31, 2004

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Fines and Forfeits				
Court fines and penalties	32,000	33,010	1,010	27,298
Public Charges for Services				
General government	7,000	8,521	1,521	7,746
Garbage collection	193,570	199,146	5,576	191,418
Street lighting	43,094	25,639	(17,455)	22,205
Fire calls	-	-	-	223
Bins and bags	1,800	2,622	822	2,247
Total Public Charges for Services	245,464	235,928	(9,536)	223,839
Other General Government				
Reimbursements	-	1,473	1,473	17,069
Interest	27,000	147,198	120,198	71,427
Donations	-	28,817	28,817	520
Other general Government	6,000	7,347	1,347	16,567
Total Other General Government	33,000	184,835	151,835	105,583
Total Revenues	\$ 1,746,839	\$ 1,950,828	\$ 203,989	\$ 1,713,043

**VILLAGE OF HOBART, WISCONSIN**  
General Fund  
Detailed Comparison of Budgeted and Actual Expenditures  
Year Ended December 31, 2005  
With Comparative Actual Amounts for Year Ended December 31, 2004

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
<b>General Government</b>				
Town board	\$ 52,866	\$ 51,207	\$ 1,659	\$ 55,990
Municipal court	35,031	38,826	(3,795)	34,359
Legal	65,000	97,769	(32,769)	92,002
Administrator	114,789	114,960	(171)	113,178
Clerk	66,936	53,846	13,090	94,148
General government	57,221	105,697	(48,476)	53,531
Secretary	39,644	16,821	22,823	10,987
Elections	3,665	3,077	588	7,666
Audit and other accounting	13,850	15,355	(1,505)	6,900
Treasurer	17,833	18,227	(394)	16,612
Uncollected taxes and refunds	-	-	-	543
Assessor	23,350	20,160	3,190	23,722
General building and equipment	39,215	52,432	(13,217)	34,277
General insurance	49,448	59,154	(9,706)	38,955
<b>Total General Government</b>	<b>578,848</b>	<b>647,531</b>	<b>(68,683)</b>	<b>582,870</b>
<b>Public Safety</b>				
Police department	248,295	232,525	15,770	185,461
Animal control	1,885	2,402	(517)	1,528
Fire department	266,458	279,696	(13,238)	279,071
Building inspection	78,299	75,422	2,877	72,861
Ambulance	37,160	34,063	3,097	39,768
First responders	7,388	2,230	5,158	1,222
<b>Total Public Safety</b>	<b>639,485</b>	<b>626,338</b>	<b>13,147</b>	<b>579,911</b>
<b>Public Works</b>				
Highway administration	79,958	84,155	(4,197)	76,300
Highway maintenance and construction	274,000	198,496	75,504	226,976
Street lighting	50,694	53,109	(2,415)	45,952
Garbage collection	127,000	137,584	(10,584)	119,493
Storm sewer	-	14,000	(14,000)	-
Recycling	63,000	65,009	(2,009)	60,972
<b>Total Public Works</b>	<b>594,652</b>	<b>552,353</b>	<b>42,299</b>	<b>529,693</b>
<b>Conservation and Development</b>				
Parks	15,515	4,754	10,761	13,366
Gypsy moth grant	-	2,248	(2,248)	15,721
Planning	27,039	32,134	(5,095)	14,661
Zoning	3,300	-	3,300	-
<b>Total Conservation and Development</b>	<b>45,854</b>	<b>39,136</b>	<b>6,718</b>	<b>43,748</b>
<b>Total Expenditures</b>	<b>\$ 1,858,839</b>	<b>\$ 1,865,358</b>	<b>\$ (6,519)</b>	<b>\$ 1,736,222</b>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**

**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 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, as of and for the year ended December 31, 2005, which collectively comprise the Village of Hobart's basic financial statements and have issued our report thereon dated January 31, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Hobart, Wisconsin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Hobart, Brown County, Wisconsin's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described below.

Segregation of Duties

The Village has established a combined clerk-treasurer position to essentially complete all financial and recordkeeping duties. Accordingly, the individual in this position is responsible for both cash receipts and cash disbursements along with all accounting related functions. This does not allow for a proper segregation of duties for internal control purposes. Based on the limited number of employees and the size of Village operations, it is management's belief that the cost of segregating cash receipt and cash disbursement duties from the related recording functions would outweigh the benefits to be received. We believe that management should make attempts to achieve any internal controls possible in the circumstances.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We believe the reportable condition described above is a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Hobart, Wisconsin's financial statements are free of 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 basic 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*.

This report is intended solely for the information and use of the Village Board and management and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Green Bay, Wisconsin  
January 31, 2006