

VILLAGE OF HOBART, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Hobart, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about of the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The detailed comparisons of general fund budgeted and actual revenues and expenditures, the combining nonmajor fund financial statements and the budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the detailed comparisons of general fund budgeted and actual revenues and expenditures, the combining nonmajor fund financial statements and the budget to actual schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis December 31, 2023

General accepted accounting principles (GAAP) requires management of the Village of Hobart, Wisconsin to provide the readers of the Village's basic financial statements a narrative introduction, overview, and analysis of the financial activities of the Village for the fiscal year ended December 31, 2023, in the form of a Management's Discussion and Analysis (MD&A). 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 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 CliftonLarsonAllen LLP, 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, 2023, 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 the Village of Hobart's financial statements for the fiscal year ended December 31, 2023, present fairly, in all material respects, the respective financial position of the government in conformity with GAAP. The independent auditor's report is presented on pages 1-3 of this report.

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 30 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 2023 Wisconsin Department of Administration population estimate of 10,808. This is a 5.85% increase over the 2020 population census of 10,211, and a 74.83% increase since the 2010 Federal Census report of 6,182. The 2023 growth was the result of a total of 28 new housing units added within the Village during 2023. The population and square mile statistics combine to produce a population density of 328 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. The Village currently employs 27 full-time and 7 part-time employees. Public safety is provided with two fire stations and 30 volunteer firefighters, and a Police Department consisting of the following full-time dedicated professionals: Police Chief, Captain, 2 Sergeants, Investigator, and 9 Police Officers. 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 refuse and garbage disposal for its residents through an outside contract for services. The Pulaski Community School District and West De Pere School District serve the Village and provide 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 De Pere, 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 these funds, the budget-to-actual comparison is presented as part of the supplemental information section of this report.

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.

Overview of the Basic Financial Statements

This discussion and analysis are 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 supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all 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 19 – 21 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 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 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 ten 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, capital projects fund, tax increment district #1 fund, and tax increment district #2 fund which are all considered to be major funds. Non-major funds consist of a K-9 special revenue fund which accounts for all financial activity relating to the K-9 public safety program, an ARPA fund that accounts for revenue and expenditures received under the American Rescue Plan Act (ARPA) of 2021, a Park and Recreation Fund which accounts for any revenues and expenditures relating to park development, park maintenance and recreational programming, a Police Donation Fund and a Fire Donation Fund, each fund reports the donations for police or fire special sources that are restricted or committed to expenditures for a specific purpose. In 2023, the K-9 program was expanded with the addition of a Therapy K-9 dog. The K-9 addition will provide therapeutic aid to students and build positive relationships between police and citizens in the schools and general community.

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 22 - 28 of this report.

Supplementary information found on pages 83 - 85 of this report provides budget comparison statements for the general governmental fund.

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 29 – 32 of this report.

Fiduciary funds. The Village adopted GASB Statement No. 84, Fiduciary Activities, and established a single type of fiduciary fund. The *tax collection custodial fund* is used to account for property taxes and specials collected on behalf of other governments. These amounts were recorded in the general fund in prior years.

The basic fiduciary fund financial statements can be found on pages 33 - 34 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 35 - 76 of this report.

Required Supplementary Information. The *required supplementary information* further explains and supports the information in the financial statements related to the Village’s other postemployment benefits plans and the net pension liability (asset) of the Wisconsin Retirement System.

The required supplementary information can be found on pages 78 - 81 of this report.

Other Supplementary Information. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds. The non-major governmental funds are added together and presented in single columns in the basic financial statements.

The other supplementary information schedules can be found on pages 86 - 90.

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 \$5,000 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 2014-2023. 2023 initiatives were: construction of a new fire station, replacing the current facility on South Pine Tree Road, which has served the Village since the 1960s. In 2024, the Village plans to construct an extensive multi-use trail to serve the newest subdivisions in southeastern Hobart, install a large underground water reservoir to serve the northern part of the Village, and increase its road repair and improvement budget considerably due to increased state aid and investment income. Future building projects in the decade include a police station (financed jointly with the Town of Lawrence), as well as the possible construction of a new public works facility. The Village will also begin the process of updating its Comprehensive Plan in the next 2-3 years.

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; Green Bay Metropolitan Sewerage District Local Annual Rate Adjustmen; and Write Off Old Uncollectible Accounts Receivable. In 2023, the Village updated and amended the Cash Management Policy by adding a section allowing the Village to liquidate investments in the event of market volatility and a conflict-of-interest clause.

Economic Information/Outlook. The Village of Hobart continues to see tremendous record-breaking growth with an estimated 2023 population of 10,808 and a 2023 equalized valuation of \$1,514,933,400 which is a 17% increase over the 2022 equalized valuation of \$1,293,863,100. This follows a 14% increase from the 2021 equalized valuation of \$1,137,391,600 to the 2022 equalized valuation. 2020 was first time the Village has had a tax base exceeding \$1 billion in equalized value. Between 2023 and 2022, the Village's largest actual dollar increase in full value for real and personal property was in residential and commercial properties.

The Village of Hobart has continued a pattern of strong economic growth in 2023. 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 2023, the Village's top employer is Bay Valley Foods, a Food Processing/Distribution company with 390 employees. Bayland Buildings–BayCo Properties, a real estate and commercial construction company with 192 employees, is the Village's second largest employer. EMT International, a web-processing designer and manufacturing company, has 130 employees. The engineering consultant firm Robert E. Lee & Associates has a workforce of 52. Green Bay Paper Converting has 50 employees. Metal fabricator High View Custom Fab – FCF Inv. employs 45, and Idealair Heating & Cooling has a workforce of 44.

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 2023, Hobart experienced a slight drop in new single-family housing starts which was at 28 with a total residential permit valuation equaling \$18,239,662.

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 \$452,523,000 in equalized incremental value. TID 1 had \$292,366,800 in equalized incremental value upon updated assessments as of January 1, 2023, and TID 2 had \$160,156,200 equalized incremental value.

Recent development in Tax Increment District (TID) 1 consisted of the construction and opening of Forever.com and Martor. Forever.com relocated to Hobart last year, constructing a 25,000 square foot retail and processing center, which opened in mid-2023. It was the first new project in the newly completed Business Park. FOREVER is the only company that provides a complete family memory-keeping service – one that includes digitization, permanent cloud storage, content organization, and printing. Martor, a company that has been making safety knives, cutters and scissors used in the workplace for more than eight decades, is a family-owned business headquartered in Solingen, Germany. They have one location in the United States responsible for distribution, which they relocated to Hobart, where a new 26,000-square-foot facility will nearly triple their current capacity. Additional retail-commercial projects are anticipated in 2024.

In TID 2, a new subdivision, Volante, opened in 2023, with a more complete buildout in 2024. The subdivision will consist of 46 single family homes and 256 apartment units. The development of the Southwinds Estate subdivision necessitated the construction of additional roads, which opened up another dozen residential lots in the TID. The majority of the lots have been sold and/or developed.

The Village adopted GASB Statement No. 77, Tax Abatement Disclosures. As part of the project plans for each of the Village's tax increment 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, 2023, the Village abated property taxes totaling \$2,064,472 under this program. Note 4(B) on page 76 of this report, discloses the required GASB 77 financial information.

Despite the Village's economic development, strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. The moderately priced subdivision of Blackberry Estates is rapidly approaching its respective build-outs while many vacant lots in several other existing subdivisions were developed throughout the Village.

The non-seasonal adjusted unemployment rate for the Village of Hobart in December 2023 was 2.4 percent. The state's non-seasonal adjusted December unemployment rate was 2.7 percent, with a U.S. non-seasonal unemployment rate of 3.7 percent.

The Village continues to update the Village's homepage and website, (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) aimed at business attraction and recruitment efforts. The website is a very aesthetically pleasing and user-friendly tool to market developable property.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2023, by \$23,869,173 (*net position*). Of this amount, (\$12,225,617) (unrestricted net position) is negative because the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts;
- The Village's change in net position increased by \$3,769,033 due primarily to Village Capital Assets financed by Tax Increment Districts;
- As of December 31, 2023, the Village's governmental funds reported combined ending fund balances of \$9,422,227, an increase of \$1,867,421 in comparison with the prior year. The increase resulted from Capital Projects and Tax Increment Districts fund balance usage for financing 2023 capital projects and development. Approximately 0.07%, \$6,562 is nonspendable for K-9 fund inventories. Approximately 7.15%, \$673,555 is restricted for tax levy supported debt relief. Approximately 45.01%, \$4,241,328 is restricted for capital projects in tax incremental districts. Approximately 4.18%, \$393,578 is restricted for parks and recreation. Approximately 1.08%, \$102,071 is restricted for police and fire department donations. Approximately 14.06%, \$1,325,000 is assigned for a fire station construction. Approximately 20.71%, \$1,950,916 is assigned for development and capital improvements. Approximately 1.48%, \$138,943 is assigned for the K-9 program. Approximately 6.26%, \$590,274 is unassigned and *available for spending* at the Village's discretion;
- As of December 31, 2023, the general fund balance of \$1,915,274 was approximately 43.45% of total general fund expenditures;
- On April 11, 2023, \$3,500,000 general obligation community development bonds were issued to provide financial assistance to community development projects in the Village's Tax Incremental District No. 2. The bonds have interest rates ranging from 3.50% to 3.75% in 2024 thru 2035. On April 11, 2023, \$4,900,000 general obligation fire station bonds were issued to provide financing for the construction of a fire station. The bonds have interest rates of 4.00% in 2024 thru 2043. In 2023, \$3,490,993 was paid on outstanding principal debt.
- The Village's 2023 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 \$448,370.

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. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. In the case of the Village, assets exceeded liabilities and deferred outflows/inflows of resources by \$23,869,173 at the close of 2023.

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	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 23,585	\$ 21,000	\$ 2,432	\$ 2,404	\$ 26,017	\$ 23,404
Leases receivable	-	-	82	117	82	117
Land held for resale	1,155	871	-	-	1,155	871
Net pension asset	-	833	-	101	-	934
Capital assets	26,905	21,138	30,809	29,379	57,714	50,517
Total Assets	51,645	43,842	33,323	32,001	84,968	75,843
Deferred Outflows of Resources						
Related to pension	2,258	1,646	248	193	2,506	1,839
Related to other postemployment	80	68	11	11	91	79
Total Deferred Outflows of Resources	2,338	1,714	259	204	2,597	1,918
Liabilities						
Long-term liabilities outstanding	44,805	38,980	3,536	4,236	48,341	43,216
Other postemployment benefits	729	179	83	28	812	207
Other liabilities	1,829	1,628	147	319	1,976	1,947
Total Liabilities	47,363	40,787	3,766	4,583	51,129	45,370
Deferred Inflows of Resources						
Property taxes	10,977	9,941	-	-	10,977	9,941
Related to Pension	1,254	1,963	138	237	1,392	2,200
Related to other postemployment	102	29	14	4	116	33
Leases	-	-	82	117	82	117
Total Deferred Inflows of Resources	12,333	11,933	234	358	12,567	12,291
Net Position						
Net investment in capital assets	1,908	2,470	27,273	24,968	29,181	27,438
Restricted	6,913	6,654	-	100	6,913	6,754
Unrestricted	(14,535)	(16,287)	2,310	2,195	(12,225)	(14,092)
Total Net Position	\$ (5,714)	\$ (7,163)	\$ 29,583	\$ 27,263	\$ 23,869	\$ 20,100

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. On December 31, 2023, 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.

Change in net position. The Village's governmental activities net position at the end of the year amounted to (\$5,713,612). The change in net position during 2023 was an increase of \$1,449,532. Total program revenues of \$3,189,659 and general revenues of \$7,645,870 less \$7,407,680 governmental activities expenses and transfers out of \$1,978,317 resulted in the net position increase.

Net position of the water utility enterprise fund at the end of the year amounted to \$13,002,113. The change in net position during 2023 was an increase of \$748,693. Operating income of (\$118,009), nonoperating revenue of \$13,843, and capital contributions of \$939,582 were more than nonoperating expenses of \$14,478 and transfers out of \$72,245 resulting in the net position increase. The 2023 operating income of (\$118,009) resulted from operating expenditures of \$1,336,484 exceeding operating revenues of \$1,218,475.

Net position of the sewer utility enterprise fund at the end of the year amounted to \$9,539,861. The change in net position during 2023 was an increase of \$900,879. Operating income of \$404,890, nonoperating revenue of \$6,889, and capital contributions of \$585,903 were more than nonoperating expenses of \$56,803 and transfers out of \$40,000 resulting in the net position increase. The 2023 operating income of \$404,890 resulted from operating revenues of \$1,987,085 exceeding operating expenditures of \$1,582,195.

Net position of the storm water utility enterprise fund at the end of the year amounted to \$7,040,811. The change in net position during 2023 was an increase of \$669,929. Operating income of \$82,475, nonoperating revenues of \$23,752 and capital contributions of \$565,077, were more than nonoperating expenses of \$1,375 resulting in the net position increase. The 2023 operating income of \$82,475 resulted from operating revenues of \$493,775 exceeding operating expenditures of \$411,300.

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

Village of Hobart's Change in Net Position (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for services	\$ 1,530	\$ 1,414	\$ 3,699	\$ 3,367	\$ 5,229	\$ 4,781
Operating grants and contributions	1,233	915	-	-	1,233	915
Capital grants and contributions	427	430	-	-	427	430
General Revenues						
Property taxes	6,864	6,023	-	-	6,864	6,023
Other taxes	46	52	-	-	46	52
Grants and contributions not restricted to specific programs	98	97	-	-	98	97
Other	637	192	45	13	682	205
Total Revenues	10,835	9,123	3,744	3,380	14,579	12,503
Expenses						
General government	830	824	-	-	830	824
Public safety	3,192	2,623	-	-	3,192	2,623
Public works	1,200	1,266	-	-	1,200	1,266
Culture and recreation	15	35	-	-	15	35
Conservation and development	538	1,438	-	-	538	1,438
Interest on long-term debt	1,633	1,410	-	-	1,633	1,410
Water utility	-	-	1,351	1,060	1,351	1,060
Sewer utility	-	-	1,639	1,372	1,639	1,372
Storm Water utility	-	-	412	391	412	391
Total Expenses	7,408	7,596	3,402	2,823	10,810	10,419
Change in Net Position Before Transfers	3,427	1,527	342	557	3,769	2,084
Transfers	(1,978)	(1,831)	1,978	1,831	-	-
Change in Net Position	1,449	(304)	2,320	2,388	3,769	2,084
Net Position - January 1, as restated	(7,163)	(6,859)	27,263	24,875	20,100	18,016
Net Position - December 31	\$ (5,714)	\$ (7,163)	\$ 29,583	\$ 27,263	\$ 23,869	\$ 20,100

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, 2023, the Village's governmental funds reported combined ending fund balances of \$9,422,227, an increase of \$1,867,421 in comparison with the prior year. The increase resulted from Capital Projects and Tax Increment Districts fund balance usage for financing 2023 capital projects and development. Approximately 6.26% (\$590,274) of combined ending fund balances 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 the K-9 program inventories (\$6,562), restricted for tax levy supported debt relief (\$673,555), restricted for tax incremental districts capital projects (\$4,241,328), restricted for parks and recreation (\$393,578), restricted for police and fire department donations (\$102,071), assigned for a fire station construction (\$1,325,000), assigned for development and capital improvements (\$1,950,916), and assigned for the K-9 program (\$138,943).

The general fund is the main operating fund of the Village. The fund balance of the general fund on December 31, 2023, was \$1,915,274 a \$143,741 increase from the December 31, 2022, general fund balance. The \$143,741 increase in fund balance resulted from 2023 revenues of \$4,439,843 and transfer in of \$112,245 exceeding 2023 expenditures of \$4,408,347. As discussed in the previous paragraph, the general fund balance is comprised of \$590,274 for unassigned fund balance, and \$1,325,000 assigned for construction of a fire station. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The general fund balance represents 43.45% of total general fund expenditures.

The debt service fund has a total fund balance of \$673,555 which represents proceeds available for tax levy supported debt relief.

The capital projects fund has a total fund balance of \$803,160 which represents unspent revenues and transfers in being carried over for financing future capital projects.

Tax increment finance (TIF) district #1 fund balance \$2,647,171 and TIF district #2 fund balance \$2,741,913 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 K-9 program fund has a total fund balance of \$145,505 which represents unspent donations for future program needs.

The Parks and Recreation fund has a total fund balance of 393,578 which represents unspent revenues and transfers for park development, park maintenance and recreational programming.

The Police Department Donations fund balance of \$34,960 and Fire Department Donations fund balance of \$67,111 represents donations for future department programs and 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.

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

Fiduciary funds. The Village adopted GASB Statement No. 84, Fiduciary Activities, and established a single type of fiduciary fund. The *tax collection custodial fund* is used to account for property taxes and specials collected on behalf of other governments.

General Fund Budget Highlights.

The Village Board adopted three amendments to the 2023 original adopted General Fund Budget of \$4,829,807. On May 2, 2023, the budget was amended to \$4,408,793 to manage any inflationary impacts and switch back to allocating salaries and benefits to specific budgetary areas (Water, Sanitary Sewer, etc.). On October 17, 2023, the budget was amended to \$4,266,784. The amendment was made to cover the Village Office remodeling and the additional revenue increases from the Village's investment income. On February 6, 2024, a final budget amendment was made to allocate \$200,000 of 2023 general fund surplus to the Debt Service Fund to account for future debt service payments on the new fire department station.

The December 31, 2023, the General Fund had a positive fund balance of \$143,741. Actual year-end revenues of \$4,439,843 and transfers in of \$112,245 was reduced by actual year-end expenditures of \$4,408,347 resulting in the positive fund balance change. Detailed revenue and expenditure budget comparison statements are found on pages 53-85 of this report.

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, 2023, amounts to \$57,713,918 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, right-to-use assets, infrastructure, and construction in progress. The total increase in the Village’s investment in capital assets for the current year was \$7,196,816.

Village of Hobart's Capital Assets						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2022	2022
Land	\$ 4,737,926	\$ 4,737,926	\$ 623,363	\$ 623,363	\$ 5,361,289	\$ 5,361,289
Land improvements	2,150,353	1,046,600	-	-	2,150,353	1,046,600
Buildings and improvements	6,743,397	1,127,224	35,434,331	34,265,347	42,177,728	35,392,571
Machinery and equipment	3,511,663	3,359,978	6,333,649	6,313,649	9,845,312	9,673,627
Right-to-use assets	82,752	-	-	-	82,752	-
Infrastructure	16,676,395	16,156,990	-	-	16,676,395	16,156,990
Construction in progress	93,117	1,002,215	1,150,980	20,000	1,244,097	1,022,215
Less accumulated depreciation	(7,090,679)	(6,292,808)	(12,733,329)	(11,843,382)	(19,824,008)	(18,136,190)
Total	\$ 26,904,924	\$ 21,138,125	\$ 30,808,994	\$ 29,378,977	\$ 57,713,918	\$ 50,517,102

During 2023, land improvements increased \$1,103,753 for governmental activities, buildings and improvements capital assets increased \$5,616,173 for governmental activities and \$1,168,984 for business-type activities, machinery and equipment assets increased \$151,685 for governmental activities and \$20,000 for business-type activities, right-to-use assets increased \$82,752 for governmental activities, infrastructure increased \$519,405 for governmental activities, and construction in progress decreased \$909,098 for governmental activities and increased \$1,130,980 for business-type activities.

In 2023, Capital Asset increases are in relation to the completion of pavement improvements on Trout Creek Road (Hidden Trail to County Highway J), a culvert replacement on Belmar Road, several patching and repair projects on parts of North and South Overland Roads, the final coat and manhole sealing on Copilot Way and Gulfstream Court, a curb and gutter installation project on Berkshire Drive, utility street and construction projects for single, multi-family, and condominium housing projects, public green spaces within TID 1 and 2, remodeling of Village and Police department offices, and construction of a new 18,200 SF fire department building replacing the current outdated facility on South Pine Tree Road. Machinery and equipment increases were for leasing 2 Public Safety Squad Vehicles, 2 DPW riding mowers, replacement of the Village information technology server, and annual water meter replacements.

An increase of \$1,687,818 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 C on pages 53 - 54 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 \$47,512,080. Of this amount, \$39,876,980 comprises debt backed by the full faith and credit of the government, \$2,300,000 in revenue bonds for a new water tower, \$4,229,130 for a tax increment district land contract, and \$1,105,970 for interceptor costs being paid to the Green Bay Metropolitan Sewerage District-NEW Water (Green Bay MSD).

Village of Hobart's Outstanding Debt						
	General Obligation Debt / Revenue Bonds / and Notes Payable					
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General obligation debt						
Bonds	\$ 20,150,000	\$ 12,695,000	\$ 125,000	\$ 125,000	\$ 20,275,000	\$ 12,820,000
Notes	16,190,000	17,300,000	1,775,000	2,220,000	17,965,000	19,520,000
Direct Borrowings	1,141,857	1,210,346	495,123	551,170	1,636,980	1,761,516
Total general obligation debt	37,481,857	31,205,346	2,395,123	2,896,170	39,876,980	34,101,516
Revenue Bonds	2,300,000	2,410,000	-	-	2,300,000	2,410,000
Land Contract	4,229,130	4,809,602	-	-	4,229,130	4,809,602
Notes payable -						
Green Bay MSD	-	-	1,105,970	1,281,955	1,105,970	1,281,955
Total	\$ 44,010,987	\$ 38,424,948	\$ 3,501,093	\$ 4,178,125	\$ 47,512,080	\$ 42,603,073

During 2023 the Village's total debt increased by \$4,909,007. On April 11, 2023, \$3,500,000 general obligation community development bonds were issued to provide financial assistance to community development projects in the Village's Tax Incremental District No. 2. The bonds have interest rates ranging from 3.50% to 3.75% in 2024 thru 2035. On April 11, 2023, \$4,900,000 general obligation fire station bonds were issued to provide financing for the construction of a fire station. The bonds have interest rates of 4.00% in 2024 thru 2043. The Village had the following 2023 principal debt retirement: \$945,000 in governmental activity general obligation bonds debt, \$1,110,000 in governmental activity general obligation notes debt, \$445,000 in business-type activity general obligation notes debt, \$68,489 in governmental activity general obligation direct borrowings debt, \$56,047 in business-type activity general obligation direct borrowings debt, \$110,000 in governmental activity revenue bonds debt, \$580,472 in tax increment district land contract, and \$175,985 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 \$75,746,670, which is significantly more than the Village's \$35,869,690 total outstanding general obligation debt applicable to the limit. The total outstanding general obligation debt applicable to the debt limit is 47.35% which meets the percentage requirement of the Debt Management Policy adopted by the Village Board.

The Village's 2023 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; adequate budgetary performance; very strong budgetary flexibility; very strong liquidity; good financial-management policies; strong budgetary performance; weak debt and contingent liability profile; favorable pension and other postemployment benefits, and strong institutional framework.

More detailed information on the Village's long-term debt activity may be found in Note E on pages 56 - 60 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 2024 fiscal year budget.

- The unemployment rate for the Village of Hobart is currently 2.4 percent;
- Taxable assessed value for the Village increased by 3.93 percent;
- The projected 2024 mill rate for Village taxpayers was \$3.86, the same mill rate as 2023;
- Three percent increase for employee wages;
- An increase in the Health Insurance Opt-Out program;
- No increase in the garbage and recycling fee;
- A General Fund contingency balance of \$150,000, (3.1 percent of the overall budget);
- Total expenditures of \$4,764,183, a decrease of 1.4 percent over the 2023 budget, due to allocating salaries and benefits to specific budgetary areas (Water, Sanitary Sewer, etc.);

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. The Village is also 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 cities, village's, or town's over the next 20 years.

Acknowledgements/Contacting the Village's Financial Management

The preparation of this report could not have been accomplished without the efficient and dedicated services of all Village Departments. Management 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.

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

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 13,538,992	\$ 1,650,493	\$ 15,189,485
Receivables:			
Taxes and Special Charges	6,626,236	-	6,626,236
Delinquent Taxes	18,110	-	18,110
Accounts	85,404	658,876	744,280
Special Assessments	-	122,079	122,079
Loans	3,310,145	-	3,310,145
Leases	-	82,372	82,372
Prepaid Items	6,562	-	6,562
Assets Held for Resale	1,154,440	-	1,154,440
Capital Assets, Nondepreciable	4,831,043	1,774,343	6,605,386
Capital Assets, Depreciable	22,073,881	29,034,651	51,108,532
Total Assets	51,644,813	33,322,814	84,967,627
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	2,257,850	248,173	2,506,023
Other Postemployment Related Amounts	80,225	10,509	90,734
Total Deferred Outflows of Resources	2,338,075	258,682	2,596,757
LIABILITIES			
Accounts Payable	1,020,142	92,574	1,112,716
Accrued and Other Current Liabilities	117,614	4,536	122,150
Accrued Interest Payable	518,041	41,020	559,061
Special Deposits	-	8,500	8,500
Unearned Revenues	173,542	-	173,542
Long-Term Obligations:			
Due within One Year	3,259,231	716,418	3,975,649
Due in More than One Year	41,545,596	2,819,522	44,365,118
Net Pension Liability	592,497	64,985	657,482
Net Other Postemployment Benefits	136,584	17,893	154,477
Total Liabilities	47,363,247	3,765,448	51,128,695
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	10,977,419	-	10,977,419
Pension Related Amounts	1,253,467	137,481	1,390,948
Other Postemployment Related Amounts	102,367	13,410	115,777
Leases	-	82,372	82,372
Total Deferred Inflows of Resources	12,333,253	233,263	12,566,516
NET POSITION			
Net Investment in Capital Assets	1,907,837	27,273,054	29,180,891
Restricted:			
Park Development	393,578	-	393,578
Fire Department	67,111	-	67,111
Police Department	34,960	-	34,960
Debt Service	155,514	-	155,514
TID #1 Project Plan Development	3,470,425	-	3,470,425
TID #2 Project Plan Development	2,792,311	-	2,792,311
Unrestricted	(14,535,348)	2,309,731	(12,225,617)
Total Net Position	\$ (5,713,612)	\$ 29,582,785	\$ 23,869,173

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 829,790	\$ 155,050	\$ 62,865	\$ -
Public Safety	3,191,627	830,114	125,264	143,406
Public Works	1,199,541	501,761	483,342	-
Culture and Recreation	14,856	22,263	436,043	-
Conservation and Development	538,511	20,700	125,851	283,000
Interest and Fiscal Charges	1,633,355	-	-	-
Total Governmental Activities	<u>7,407,680</u>	<u>1,529,888</u>	<u>1,233,365</u>	<u>426,406</u>
BUSINESS-TYPE ACTIVITIES				
Water Utility	1,350,962	1,218,475	-	-
Sewer Utility	1,638,998	1,987,085	-	-
Storm Water Utility	412,675	493,775	-	-
Total Business-Type Activities	<u>3,402,635</u>	<u>3,699,335</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,810,315</u>	<u>\$ 5,229,223</u>	<u>\$ 1,233,365</u>	<u>\$ 426,406</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ (611,875)	\$ -	\$ (611,875)
Public Safety	(2,092,843)	-	(2,092,843)
Public Works	(214,438)	-	(214,438)
Culture and Recreation	443,450	-	443,450
Conservation and Development	(108,960)	-	(108,960)
Interest and Fiscal Charges	<u>(1,633,355)</u>	-	<u>(1,633,355)</u>
Total Governmental Activities	(4,218,021)	-	(4,218,021)
BUSINESS-TYPE ACTIVITIES			
Water Utility	-	(132,487)	(132,487)
Sewer Utility	-	348,087	348,087
Storm Water Utility	-	81,100	81,100
Total Business-Type Activities	<u>-</u>	<u>296,700</u>	<u>296,700</u>
Total	(4,218,021)	296,700	(3,921,321)
GENERAL REVENUES			
Taxes:			
Property Taxes, Levied for General Purposes	1,875,125	-	1,875,125
Property Taxes, Levied for Debt Service	950,370	-	950,370
Property Taxes, Levied for Capital Projects	4,039,314	-	4,039,314
Excess Stadium District Sales Tax	3,192	-	3,192
Other Taxes	43,464	-	43,464
Federal and State Grants and Other Contributions not Restricted to Specific Functions	97,573	-	97,573
Interest and Investment Earnings	613,874	44,484	658,358
Miscellaneous	10,358	-	10,358
	12,600	-	12,600
TRANSFERS	<u>(1,978,317)</u>	<u>1,978,317</u>	<u>-</u>
Total General Revenues and Transfers	<u>5,667,553</u>	<u>2,022,801</u>	<u>7,690,354</u>
CHANGE IN NET POSITION	1,449,532	2,319,501	3,769,033
Net Position - January 1	<u>(7,163,144)</u>	<u>27,263,284</u>	<u>20,100,140</u>
NET POSITION - END OF YEAR	<u>\$ (5,713,612)</u>	<u>\$ 29,582,785</u>	<u>\$ 23,869,173</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Debt Service	Capital Projects	Tax Incremental District #1
ASSETS				
Cash and Investments	\$ 3,321,089	\$ 919,986	\$ 1,716,269	\$ 3,010,773
Receivables:				
Taxes and Special Charges	1,860,203	372,939	468,189	2,574,543
Delinquent Taxes	18,110	-	-	-
Accounts	77,642	-	7,762	-
Loans	-	-	-	3,310,145
Prepaid Items	-	-	-	-
	<u>\$ 5,277,044</u>	<u>\$ 1,292,925</u>	<u>\$ 2,192,220</u>	<u>\$ 8,895,461</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 164,024	\$ -	\$ 611,500	\$ 116,112
Accrued and Other Current Liabilities	117,560	-	-	27
Unearned Revenues	-	-	-	-
Total Liabilities	<u>281,584</u>	<u>-</u>	<u>611,500</u>	<u>116,139</u>
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	3,062,076	619,370	777,560	4,275,756
Loans Receivable	-	-	-	1,856,395
Delinquent Taxes and Assessments	18,110	-	-	-
Total Deferred Inflows of Resources	<u>3,080,186</u>	<u>619,370</u>	<u>777,560</u>	<u>6,132,151</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	673,555	-	1,499,415
Assigned	1,325,000	-	803,160	1,147,756
Unassigned	590,274	-	-	-
Total Fund Balances	<u>1,915,274</u>	<u>673,555</u>	<u>803,160</u>	<u>2,647,171</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,277,044</u>	<u>\$ 1,292,925</u>	<u>\$ 2,192,220</u>	<u>\$ 8,895,461</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2023**

	Tax Incremental District #2	Nonmajor Governmental Funds	Total
ASSETS			
Cash and Investments	\$ 3,686,076	\$ 884,799	\$ 13,538,992
Receivables:			
Taxes and Special Charges	1,350,362	-	6,626,236
Delinquent Taxes	-	-	18,110
Accounts	-	-	85,404
Loans	-	-	3,310,145
Prepaid Items	-	6,562	6,562
	<u>\$ 5,036,438</u>	<u>\$ 891,361</u>	<u>\$ 23,585,449</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 51,841	\$ 76,665	\$ 1,020,142
Accrued and Other Current Liabilities	27	-	117,614
Unearned Revenues	-	173,542	173,542
Total Liabilities	<u>51,868</u>	<u>250,207</u>	<u>1,311,298</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	2,242,657	-	10,977,419
Loans Receivable	-	-	1,856,395
Delinquent Taxes and Assessments	-	-	18,110
Total Deferred Inflows of Resources	<u>2,242,657</u>	<u>-</u>	<u>12,851,924</u>
Fund Balances:			
Nonspendable	-	6,562	6,562
Restricted	2,741,913	495,649	5,410,532
Assigned	-	138,943	3,414,859
Unassigned	-	-	590,274
Total Fund Balances	<u>2,741,913</u>	<u>641,154</u>	<u>9,422,227</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,036,438</u>	<u>\$ 891,361</u>	<u>\$ 23,585,449</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 9,422,227
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.	26,904,924
Assets held for resale in governmental activities is not a current financial resource and therefore are not reported in the funds.	1,154,440
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Delinquent Taxes and Special Assessments	18,110
Loan Receivable	1,856,395
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	2,257,850
Deferred Inflows Related to Pensions	(1,253,467)
Deferred Outflows Related to Other Postemployment Benefits	80,225
Deferred Inflows Related to Other Postemployment Benefits	(102,367)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(44,010,987)
Lease Liability	(68,153)
Premium on Debt	(725,687)
Net Pension Liability	(592,497)
Net Other Postemployment Benefit Liability	(136,584)
Accrued Interest on Long-Term Obligations	<u>(518,041)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ (5,713,612)</u>

VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Tax Incremental District #1
REVENUES				
Taxes	\$ 1,874,677	\$ 950,370	\$ 466,908	\$ 2,186,567
Excess Stadium District Sales Tax	-	3,192	-	-
Intergovernmental	750,691	-	-	1,435
Licenses and Permits	183,968	-	-	-
Fines and Forfeits	68,742	-	-	-
Public Charges for Services	528,236	-	-	-
Intergovernmental Charges for Services	759,973	-	37,833	-
Miscellaneous	273,556	6,586	130,875	224,528
Total Revenues	4,439,843	960,148	635,616	2,412,530
EXPENDITURES				
Current:				
General Government	752,361	-	-	51,451
Public Safety	2,592,706	-	-	-
Public Works	944,878	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	118,402	-	-	-
Debt Service:				
Principal	-	490,000	-	1,799,826
Interest and Fiscal Charges	-	129,369	123,307	680,323
Capital Outlay	-	-	5,685,054	446,506
Total Expenditures	4,408,347	619,369	5,808,361	2,978,106
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	31,496	340,779	(5,172,745)	(565,576)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	4,900,000	-
Lease Proceeds	-	-	82,752	-
Premium on Debt Issued	-	167,008	54,293	-
Proceeds from Sale of Capital Assets	-	-	12,600	-
Transfers In	112,245	-	-	-
Total Other Financing Sources (Uses)	112,245	167,008	5,049,645	-
NET CHANGE IN FUND BALANCES				
	143,741	507,787	(123,100)	(565,576)
Fund Balances - Beginning of Year	1,771,533	165,768	926,260	3,212,747
FUND BALANCES - END OF YEAR	\$ 1,915,274	\$ 673,555	\$ 803,160	\$ 2,647,171

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Tax Incremental District #2	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ 1,385,839	\$ -	\$ 6,864,361
Excess Stadium District Sales Tax	-	-	3,192
Intergovernmental	327	435,995	1,188,448
Licenses and Permits	-	28,628	212,596
Fines and Forfeits	-	-	68,742
Public Charges for Services	-	-	528,236
Intergovernmental Charges for Services	-	-	797,806
Miscellaneous	128,306	111,344	875,195
Total Revenues	<u>1,514,472</u>	<u>575,967</u>	<u>10,538,576</u>
EXPENDITURES			
Current:			
General Government	54,577	62,827	921,216
Public Safety	-	200,309	2,793,015
Public Works	-	98,189	1,043,067
Culture and Recreation	-	11,615	11,615
Conservation and Development	50,000	-	168,402
Debt Service:			
Principal	524,135	-	2,813,961
Interest and Fiscal Charges	276,191	-	1,209,190
Capital Outlay	2,322,954	133,214	8,587,728
Total Expenditures	<u>3,227,857</u>	<u>506,154</u>	<u>17,548,194</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,713,385)	69,813	(7,009,618)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	3,500,000	-	8,400,000
Lease Proceeds	-	-	82,752
Premium on Debt Issued	48,141	-	269,442
Proceeds from Sale of Capital Assets	-	-	12,600
Transfers In	-	-	112,245
Total Other Financing Sources (Uses)	<u>3,548,141</u>	<u>-</u>	<u>8,877,039</u>
NET CHANGE IN FUND BALANCES	1,834,756	69,813	1,867,421
Fund Balances - Beginning of Year	<u>907,157</u>	<u>571,341</u>	<u>7,554,806</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,741,913</u>	<u>\$ 641,154</u>	<u>\$ 9,422,227</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ 1,867,421

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 the statement of activities the cost of those assets is allocated over their estimated useful lives and reported estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Expenditures in Governmental Fund Statements	6,667,529
Depreciation/Amortization Expense Reported in the Statement of Activities	(900,730)

Revenue related to contribution of land held for resale	283,000
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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.

Delinquent Taxes and Special Assessments	4,253
Loans Receivable	(200,000)

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	(8,400,000)
Lease Proceeds	(68,153)
Premium on Debt Issued	(269,442)
Principal Repaid	2,813,961

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

Accrued Interest on Long-Term Debt	(322,886)
Amortization of Premiums	98,721
Net Pension Asset (Liability)	(1,425,771)
Deferred Outflows of Resources Related to Pensions	611,281
Deferred Inflows of Resources Related to Pensions	709,592
Net Other Postemployment Benefits Liability	42,109
Deferred Outflows of Resources Related to Other Postemployment Benefits	12,393
Deferred Inflows of Resources Related to Other Postemployment Benefits	(73,746)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ 1,449,532</u>
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**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2023**

	Budget		2023 Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 2,073,448	\$ 2,073,146	\$ 1,874,677	\$ (198,469)
Intergovernmental	1,259,523	1,357,123	1,439,245	82,122
Licenses and Permits	126,875	137,716	183,968	46,252
Fines and Forfeits	80,200	69,675	68,742	(933)
Public Charges for Services	625,207	614,729	599,655	(15,074)
Miscellaneous	13,718	187,342	273,556	86,214
Total Revenues	<u>4,178,971</u>	<u>4,439,731</u>	<u>4,439,843</u>	<u>112</u>
EXPENDITURES				
Current:				
General Government	1,015,179	703,297	752,361	(49,064)
Public Safety	2,504,554	2,535,594	2,592,706	(57,112)
Public Works	1,162,442	906,422	944,878	(38,456)
Conservation and Development	147,632	121,471	118,402	3,069
Total Expenditures	<u>4,829,807</u>	<u>4,266,784</u>	<u>4,408,347</u>	<u>(141,563)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(650,836)	172,947	31,496	(141,451)
OTHER FINANCING SOURCES				
Transfers In	<u>650,836</u>	<u>102,674</u>	<u>112,245</u>	<u>9,571</u>
NET CHANGE IN FUND BALANCE	-	275,621	143,741	(131,880)
Fund Balance - Beginning of Year	<u>1,771,533</u>	<u>1,771,533</u>	<u>1,771,533</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,771,533</u>	<u>\$ 2,047,154</u>	<u>\$ 1,915,274</u>	<u>\$ (131,880)</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Water Utility	Sewer Utility	Storm Water Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 661,814	\$ 573,799	\$ 414,880	\$ 1,650,493
Receivables:				
Customer Accounts	220,720	434,388	3,768	658,876
Special Assessments	-	-	3,863	3,863
Leases	29,892	-	-	29,892
Total Current Assets	<u>912,426</u>	<u>1,008,187</u>	<u>422,511</u>	<u>2,343,124</u>
Other Assets:				
Special Assessments	118,216	-	-	118,216
Leases	52,480	-	-	52,480
Total Other Assets	<u>170,696</u>	<u>-</u>	<u>-</u>	<u>170,696</u>
Capital Assets:				
Nondepreciable	114,692	1,094,574	565,077	1,774,343
Depreciable	13,352,017	9,504,743	6,177,891	29,034,651
Total Capital Assets	<u>13,466,709</u>	<u>10,599,317</u>	<u>6,742,968</u>	<u>30,808,994</u>
Total Assets	<u>14,549,831</u>	<u>11,607,504</u>	<u>7,165,479</u>	<u>33,322,814</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	90,875	79,299	77,999	248,173
Other Postemployment Related Amounts	3,831	3,488	3,190	10,509
Total Deferred Outflows of Resources	<u>94,706</u>	<u>82,787</u>	<u>81,189</u>	<u>258,682</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	81,034	5,567	5,973	92,574
Accrued and Other Current Liabilities	1,502	1,882	1,152	4,536
Special Deposits	-	8,500	-	8,500
Current Portion of Long-Term Debt	353,250	363,168	-	716,418
Accrued Interest	7,393	33,168	459	41,020
Total Current Liabilities	<u>443,179</u>	<u>412,285</u>	<u>7,584</u>	<u>863,048</u>
Long-Term Obligations, Less Current Portion:				
General Obligation Debt	1,031,702	863,142	125,000	2,019,844
Notes Payable	-	799,678	-	799,678
Net Pension Liability	23,675	20,842	20,468	64,985
Net Other Postemployment Benefits	6,522	5,939	5,432	17,893
Total Long-Term Liabilities	<u>1,061,899</u>	<u>1,689,601</u>	<u>150,900</u>	<u>2,902,400</u>
Total Liabilities	<u>1,505,078</u>	<u>2,101,886</u>	<u>158,484</u>	<u>3,765,448</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	50,086	44,093	43,302	137,481
Other Postemployment Related Amounts	4,888	4,451	4,071	13,410
Leases	82,372	-	-	82,372
Total Deferred Inflows of Resources	<u>137,346</u>	<u>48,544</u>	<u>47,373</u>	<u>233,263</u>
NET POSITION				
Net Investment in Capital Assets	12,081,757	8,573,329	6,617,968	27,273,054
Unrestricted	920,356	966,532	422,843	2,309,731
Total Net Position	<u>\$ 13,002,113</u>	<u>\$ 9,539,861</u>	<u>\$ 7,040,811</u>	<u>\$ 29,582,785</u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Water Utility	Sewer Utility	Storm Water Utility	Total
OPERATING REVENUES				
Charges for Services	\$ 1,168,727	\$ 1,950,947	\$ 493,775	\$ 3,613,449
Other	49,748	36,138	-	85,886
Total Operating Revenues	<u>1,218,475</u>	<u>1,987,085</u>	<u>493,775</u>	<u>3,699,335</u>
OPERATING EXPENSES				
Operation and Maintenance	958,271	1,241,414	212,976	2,412,661
Depreciation	374,388	326,718	190,945	892,051
Taxes	3,825	14,063	7,379	25,267
Total Operating Expenses	<u>1,336,484</u>	<u>1,582,195</u>	<u>411,300</u>	<u>3,329,979</u>
OPERATING INCOME (LOSS)	(118,009)	404,890	82,475	369,356
NONOPERATING REVENUES (EXPENSES)				
General Property Taxes:				
Interest Income	13,843	6,889	23,752	44,484
Interest and Fiscal Charges	(14,478)	(56,803)	(1,375)	(72,656)
Total Nonoperating Revenues (Expenses)	<u>(635)</u>	<u>(49,914)</u>	<u>22,377</u>	<u>(28,172)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(118,644)	354,976	104,852	341,184
Capital Contributions	939,582	585,903	565,077	2,090,562
Transfers Out	(72,245)	(40,000)	-	(112,245)
CHANGE IN NET POSITION	748,693	900,879	669,929	2,319,501
Net Position - Beginning of Year	<u>12,253,420</u>	<u>8,638,982</u>	<u>6,370,882</u>	<u>27,263,284</u>
NET POSITION - END OF YEAR	<u>\$ 13,002,113</u>	<u>\$ 9,539,861</u>	<u>\$ 7,040,811</u>	<u>\$ 29,582,785</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023**

	Water Utility	Sewer Utility	Storm Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,201,334	\$ 1,967,152	\$ 491,058	\$ 3,659,544
Cash Paid for Employee Wages and Benefits	(100,261)	(138,857)	(132,647)	(371,765)
Cash Paid to Suppliers	(823,410)	(1,124,951)	(99,557)	(2,047,918)
Net Cash Provided by Operating Activities	277,663	703,344	258,854	1,239,861
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer Out	(72,245)	(40,000)	-	(112,245)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(8,185)	(20,000)	(377,694)	(405,879)
Principal Paid on Long-Term Debt	(336,047)	(340,986)	-	(677,033)
Interest Paid on Long-Term Debt	(31,709)	(76,753)	(1,375)	(109,837)
Net Cash Used by Capital and Related Financing Activities	(375,941)	(437,739)	(379,069)	(1,192,749)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	13,843	6,889	23,752	44,484
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(156,680)	232,494	(96,463)	(20,649)
Cash and Investments - Beginning of Year	818,494	341,305	511,343	1,671,142
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 661,814</u>	<u>\$ 573,799</u>	<u>\$ 414,880</u>	<u>\$ 1,650,493</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Water Utility	Sewer Utility	Storm Water Utility	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (118,009)	\$ 404,890	\$ 82,475	\$ 369,356
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	374,388	326,718	190,945	892,051
Depreciation Charged to Sewer Utility	17,219	(17,219)	-	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Net Pension Asset	36,822	33,400	30,221	100,443
Deferred Outflows -Pension Related	(20,394)	(15,050)	(19,530)	(54,974)
Net Pension Liability	23,675	20,842	20,468	64,985
Deferred Inflows - Pension Related	(36,660)	(34,593)	(27,893)	(99,146)
Deferred Outflows - OPEB Related	(34)	49	(98)	(83)
Net OPEB Liability	(3,481)	(3,379)	(2,714)	(9,574)
Deferred Inflows - OPEB Related	3,286	2,959	2,766	9,011
Change in Operating Assets and Liabilities:				
Accounts Receivables	(17,141)	(28,433)	(2,717)	(48,291)
Accounts Payable	17,476	4,047	(15,455)	6,068
Accrued and Other Current Liabilities	516	613	386	1,515
Special Deposits	-	8,500	-	8,500
Net Cash Provided by Operating Activities	<u>\$ 277,663</u>	<u>\$ 703,344</u>	<u>\$ 258,854</u>	<u>\$ 1,239,861</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Contributed by Village	<u>\$ 939,582</u>	<u>\$ 585,903</u>	<u>\$ 565,077</u>	<u>\$ 2,090,562</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2023**

	<u>Tax Collection Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 4,738,342
Property Taxes Receivable	<u>7,187,959</u>
Total Assets	<u>11,926,301</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Period	<u>11,926,301</u>
NET POSITION	
Restricted for Other Governments	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2023**

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Property Tax Collections	\$ 9,808,412
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>9,808,412</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide 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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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.

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 #1 Capital Projects Fund

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

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.

The Village also reports the following fiduciary fund:

Custodial Fund

This fund accounts for property taxes and special charges collected on behalf of other governments.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, 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.

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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 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, and Northeast Wisconsin Technical College. 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. Loans Receivable

The Village has invested resources to promote development and has passed the funds to various developers in the form of loans. The Village records a loan receivable and an expenditure when the loan has been made and the funds are disbursed. 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. In the governmental funds, the Village records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. The total loans receivable which are not expected to be collected within one year is \$1,856,395.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

5. 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 2022 tax roll are recognized as revenue in 2023.) Special assessments are subject to collection procedures.

6. 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.

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 expensed during the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as 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 one year. 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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Capital Assets (Continued)

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. Assets 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 land intended for resale. 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 assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets 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. The Village recognizes deferred outflows related to pension and OPEB and deferred inflows related to property taxes levied for the subsequent year, leases, pension and OPEB related amounts.

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

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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Long-Term Obligations (Continued)

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. Leases

The Village is a lessor and lessee for various pieces of equipment and space usage.

Lessor

The Village is a lessor for a noncancellable leases of land, infrastructure and buildings. The Village recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Village determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Village uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Leases (Continued)

Lessee

The Village is a lessee for noncancellable leases of vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements.

At the commencement of a lease, the Village initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Village determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Village uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Village generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Village is reasonably certain to exercise.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

14. Other Postemployment Benefits Other Than Pensions (OPEB)

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. 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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. Fund Equity (Continued)

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 or amortization, 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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.
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's General Fund expenditures exceeded final budgeted amounts by \$141,563.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts had actual expenditures in excess of budget appropriations for the year ended December 31, 2023 as follows:

Fund	Excess Expenditures
General Fund	
Village Board	\$ 3,505
Legal	3,257
Village Administration	4,919
Treasurer	9,272
Property Assessment	1,775
Buildings and Grounds	1,001
General Contingency	54,961
Public Safety:	
Police Department	59,784
Public Works:	
Highway Administration	18,608
Street Lighting	9,545
Garbage Collection	15,864
Conservation and Development:	
Planning/Zoning	50
Tax Incremental District # 1	
Debt Service	
Principal	580,472
Interest	48,096
Capital Outlay	446,506
Tax Incremental District # 2	
General Government	12,105
Debt Service	
Interest	109,566
Capital Outlay	2,322,954

C. 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 2023 and 2024 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 2023 budget was 4.09%. The actual limit for the Village for the 2024 budget was 4.10%. 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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 \$19,927,827 on December 31, 2023 as summarized below:

Deposits with Financial Institutions	\$ 14,140,795
Investments:	
Wisconsin Local Government Investment Pool	1,160,791
Wisconsin Investment Series Cooperative (WISC)	2,853,797
U.S. Treasury Notes	834,438
Federal Agency Securities	501,354
Corporate Bonds and Notes	47,999
State and Municipal Bonds	388,653
Total	\$ 19,927,827

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 15,189,485
Fiduciary Fund Statement of Net Position	
Cash and Investments	4,738,342
Total	\$ 19,927,827

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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The Village has the following fair value measurements as of December 31, 2023.

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasury Notes	\$ -	\$ 834,438	\$ -
Federal Agency Securities	-	501,354	-
Corporate Bonds and Notes	-	47,999	-
State and Municipal Bonds	-	388,653	-
Total	\$ -	\$ 1,772,444	\$ -

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. 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, 2023, \$346,866 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$346,866 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (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. The Village does not have an additional credit risk policy.

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

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
U.S. Treasury Notes	\$ 834,438	\$ 834,438	\$ -	\$ -	\$ -
Federal Agency Securities	501,354	-	501,354	-	-
Corporate Bonds and Notes	47,999	-	-	47,999	-
State and Municipal Bonds	388,653	-	94,751	293,902	-
Wisconsin Local Government Investment Pool	1,160,791	-	-	-	1,160,791
WISC:					
Cash Management Series	1,595,171	-	1,595,171	-	-
Investment Series	1,258,626	-	1,258,626	-	-
Totals	<u>\$ 5,787,032</u>	<u>\$ 834,438</u>	<u>\$ 3,449,902</u>	<u>\$ 341,901</u>	<u>\$ 1,160,791</u>

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. 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. As of June 30, 2023, the Wisconsin local government investment pool had a weighted average maturity of 28 days.

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
Wisconsin Local Government Investment Pool	\$ 1,160,791	\$ 1,160,791	\$ -	\$ -	\$ -
WISC:					
Cash Management Series	1,595,171	1,595,171	-	-	-
Investment Series	1,258,626	1,258,626	-	-	-
U.S. Treasury Notes	834,438	300,238	228,750	305,450	-
Federal Agency Securities	501,354	-	352,535	148,819	-
Corporate Bonds and Notes	47,999	-	-	47,999	-
State and Municipal Bonds	388,653	-	144,048	244,605	-
Totals	<u>\$ 5,787,032</u>	<u>\$ 4,314,826</u>	<u>\$ 228,750</u>	<u>\$ 305,450</u>	<u>\$ -</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The Village has investments in the Wisconsin local government investment pool of \$1,160,791 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, 2023, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

The Village has investments in the Wisconsin Investment Series Cooperative (WISC) of \$2,853,797 at year-end consisting of \$1,595,171 invested in the Cash Management Series and \$1,258,626 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14-day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. The Investment Series and Cash Management Series have received a credit rating of AAA by a nationally recognized statistical rating organization.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperative Statute, Wisconsin Statute, Section 66.01. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests Village funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

State statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, corporate bonds, and local government external investment pools.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Leases Receivable

A summary of the Village's lease terms and interest rates is as follows:

Water

Tower rental. Monthly installment for 5 years ranging from \$2,584 to \$3,115 including interest at 2%, with due date ending in 2026

Certain leases provide for increases in future minimum annual rental payments.

For the year ended December 31, 2023, the Village received \$28,722 in lease revenue and \$1,961 in interest on the leases receivable.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 29,892	\$ 1,376	\$ 31,268
2025	31,103	767	31,870
2026	21,377	161	21,538
Total	\$ 82,372	\$ 2,304	\$ 84,676

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 4,737,926	\$ -	\$ -	\$ 4,737,926
Construction in Progress	1,002,215	93,117	1,002,215	93,117
Total Capital Assets, Nondepreciable	<u>5,740,141</u>	<u>93,117</u>	<u>1,002,215</u>	<u>4,831,043</u>
Capital Assets, Depreciated and Amortized:				
Land Improvements	1,046,600	1,103,753	-	2,150,353
Buildings and Improvements	1,127,224	5,637,371	21,198	6,743,397
Machinery and Equipment	3,359,978	233,346	81,661	3,511,663
Right-to-Use Assets	-	82,752	-	82,752
Infrastructure	16,156,990	519,405	-	16,676,395
Subtotals	<u>21,690,792</u>	<u>7,576,627</u>	<u>102,859</u>	<u>29,164,560</u>
Less: Accumulated Depreciation for:				
Land Improvements	197,753	52,392	-	250,145
Buildings and Improvements	849,278	63,264	21,198	891,344
Machinery and Equipment	1,915,981	229,335	81,661	2,063,655
Right-to-Use Assets	-	15,545	-	15,545
Infrastructure	3,329,796	540,194	-	3,869,990
Subtotals	<u>6,292,808</u>	<u>900,730</u>	<u>102,859</u>	<u>7,090,679</u>
Total Capital Assets, Depreciable, Net	<u>15,397,984</u>	<u>6,675,897</u>	<u>-</u>	<u>22,073,881</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,138,125</u>	<u>\$ 6,769,014</u>	<u>\$ 1,002,215</u>	26,904,924
Less: Capital Related Debt				25,412,473
Add: Unspent Bond Proceeds				1,885,705
Less: Debt Premium				563,172
Less: Accounts Payable				838,994
Less: Lease Liabilities				<u>68,153</u>
Net Investment in Capital Assets				<u>\$ 1,907,837</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 114,692	\$ -	\$ -	\$ 114,692
Assets Held for Future Use	508,671	-	-	508,671
Construction in Progress	20,000	1,150,980	20,000	1,150,980
Total Capital Assets, Nondepreciable	<u>643,363</u>	<u>1,150,980</u>	<u>20,000</u>	<u>1,774,343</u>
Capital Assets, Depreciated:				
Buildings and Improvements	34,265,347	1,171,088	2,104	35,434,331
Machinery and Equipment	6,313,649	20,000	-	6,333,649
Subtotals	<u>40,578,996</u>	<u>1,191,088</u>	<u>2,104</u>	<u>41,767,980</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	9,108,725	621,219	2,104	9,727,840
Machinery and Equipment	2,734,657	270,832	-	3,005,489
Subtotals	<u>11,843,382</u>	<u>892,051</u>	<u>2,104</u>	<u>12,733,329</u>
Total Capital Assets, Depreciated, Net	<u>28,735,614</u>	<u>299,037</u>	<u>-</u>	<u>29,034,651</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,378,977</u>	<u>\$ 1,450,017</u>	<u>\$ 20,000</u>	30,808,994
Less: Capital Related Debt				3,501,092
Less: Debt Premium				<u>34,848</u>
Net Investment in Capital Assets				<u>\$ 27,273,054</u>

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

Governmental Activities:	
General Government	\$ 28,881
Public Safety	211,988
Public Works	379,935
Culture and Recreation	3,241
Conservation and Development	<u>276,685</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 900,730</u>
Business-Type Activities:	
Water Utility	\$ 374,388
Sewer Utility	326,718
Storm Water Management	<u>190,945</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 892,051</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Transfers

Interfund transfers for the year ended December 31, 2023 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 112,245	\$ -
Water Utility	-	72,245
Sewer Utility	-	40,000
Total	\$ 112,245	\$ 112,245

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water	
Utility to General Fund	\$ 72,245
Reimbursement of 2017 Sanitary Sewer Transfer	40,000
Total	\$ 112,245

Transfers in the government-wide financial statements are comprised of:

Tax Equivalent Payment Made by Water	
Utility to General Fund	\$ 72,245
Reimbursement of 2017 Sanitary Sewer Transfer	40,000
Utility Capital Assets Financed by Tax	
Incremental Districts	2,090,562
Total Governmental Activities	\$ 2,202,807

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 12,695,000	\$ 8,400,000	\$ 945,000	\$ 20,150,000	\$ 1,105,000
Notes	17,300,000	-	1,110,000	16,190,000	1,240,000
Direct Borrowings	1,210,346	-	68,489	1,141,857	70,777
Total General Obligation Debt	31,205,346	8,400,000	2,123,489	37,481,857	2,415,777
Revenue Bonds	2,410,000	-	110,000	2,300,000	115,000
Land Contract	4,809,602	-	580,472	4,229,130	586,277
Debt Premium	554,966	269,442	98,721	725,687	118,616
Lease Liability	-	68,153	-	68,153	23,561
Governmental Activities Long-Term Obligations	<u>\$ 38,979,914</u>	<u>\$ 8,737,595</u>	<u>\$ 2,912,682</u>	<u>\$ 44,804,827</u>	<u>\$ 3,259,231</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 125,000	\$ -	\$ -	\$ 125,000	\$ -
Notes	2,220,000	-	445,000	1,775,000	460,000
Direct Borrowings	551,170	-	56,047	495,123	57,280
Total General Obligation Debt	2,896,170	-	501,047	2,395,123	517,280
Debt Premium	58,259	-	23,412	34,847	16,153
Notes Payable from Direct Borrowing - GBMSD	1,281,955	-	175,985	1,105,970	183,002
Business-Type Activities Long-Term Obligations	<u>\$ 4,236,384</u>	<u>\$ -</u>	<u>\$ 700,444</u>	<u>\$ 3,535,940</u>	<u>\$ 716,435</u>

Total interest paid during the year on long-term debt totaled \$1,086,481.

State Trust Fund Loan

The Village's outstanding notes from direct borrowings related to the governmental activities of \$1,141,857 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the state of Wisconsin.

Clean Water Fund Loan Programs

The Village's outstanding notes from direct borrowings related to business-type activities of \$495,123 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the Village or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
Bonds:					
General Obligation Taxable Refunding Bonds	04/15/13	03/01/29	2.40 - 3.70%	\$ 6,450,000	\$ 3,445,000
General Obligation Refunding Bonds	01/28/14	03/01/29	2.70 - 3.80%	3,780,000	2,530,000
General Obligation Refunding Bonds	06/15/15	03/01/29	2.30 - 3.25%	1,090,000	755,000
General Obligation Refunding Bonds	06/15/15	03/01/32	3.00 - 4.20%	2,540,000	1,000,000
General Obligation Refunding Bonds	08/08/16	03/01/32	2.15 - 2.80%	1,790,000	1,180,000
General Obligation Corporate Purpose Bonds	07/14/20	03/01/35	1.00 - 2.00%	2,965,000	2,965,000
General Obligation Bonds	04/11/23	03/01/35	3.50 - 3.75%	3,500,000	3,500,000
General Obligation Bonds	04/11/23	03/01/43	4.00%	4,900,000	4,900,000
Notes:					
General Obligation Notes	08/01/17	03/01/27	2.00 - 2.25%	4,065,000	2,775,000
Taxable General Obligation Notes	08/28/18	05/01/28	3.00 - 3.40%	1,015,000	600,000
General Obligation Notes	07/14/20	09/01/29	1.25 - 1.45%	1,190,000	895,000
General Obligation Notes	05/11/21	03/01/31	1.05 - 2.00%	4,425,000	3,725,000
Taxable General Obligation Notes	05/11/21	03/01/31	0.15 - 1.75%	2,340,000	1,795,000
General Obligation Promissory Note	04/27/22	09/01/32	2.75 - 3.00%	7,565,000	7,390,000
General Obligation Note with Refunding	04/27/22	09/01/32	2.75 - 3.00%	895,000	785,000
Direct Borrowings:					
Clean Water Fund Bonds	07/27/11	05/01/31	2.20%	1,123,268	495,123
State Trust Fund Bonds	10/26/16	03/15/36	3.50%	1,500,000	1,141,857
Total Outstanding General Obligation Debt					<u>\$ 39,876,980</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$39,876,980 on December 31, 2023 are detailed below:

Year Ended December 31,	Governmental Activities					
	Bonds and Notes		Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,345,000	\$ 1,126,815	\$ 70,777	\$ 40,074	\$ 2,415,777	\$ 1,166,889
2025	2,845,000	938,501	73,363	37,488	2,918,363	975,989
2026	2,900,000	866,716	75,931	34,920	2,975,931	901,636
2027	3,445,000	782,219	78,589	32,262	3,523,589	814,481
2028	3,555,000	682,168	81,259	29,593	3,636,259	711,761
2029-2033	16,020,000	1,895,873	451,381	102,875	16,471,381	1,998,748
2034-2038	3,380,000	578,175	310,557	21,998	3,690,557	600,173
2039-2043	1,850,000	191,000	-	-	1,850,000	191,000
Total	<u>\$ 36,340,000</u>	<u>\$ 7,061,467</u>	<u>\$ 1,141,857</u>	<u>\$ 299,210</u>	<u>\$ 37,481,857</u>	<u>\$ 7,360,677</u>

Year Ended December 31,	Business-Type Activities					
	Bonds and Notes		Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 460,000	\$ 38,063	\$ 57,280	\$ 10,263	\$ 517,280	\$ 48,326
2025	475,000	27,919	58,540	8,989	533,540	36,908
2026	480,000	17,662	59,828	7,687	539,828	25,349
2027	160,000	10,519	61,145	6,356	221,145	16,875
2028	160,000	6,525	62,490	4,996	222,490	11,521
2029-2033	165,000	2,256	195,840	6,525	360,840	8,781
Total	<u>\$ 1,900,000</u>	<u>\$ 102,944</u>	<u>\$ 495,123</u>	<u>\$ 44,816</u>	<u>\$ 2,395,123</u>	<u>\$ 147,760</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

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, 2023 was \$35,869,690 as follows:

Equalized Valuation of the Village	\$ 1,514,933,400
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	75,746,670
Total Outstanding General Obligation Debt Applicable to Debt Limitation	39,876,980
Legal Margin for New Debt	\$ 35,869,690

Notes Payable – Green Bay Metropolitan Sewerage District (GBMSD)

Annual principal and interest maturities of the outstanding notes payable to GBMSD of \$1,105,970 on December 31, 2023 are detailed below:

<u>Year Ended December 31,</u>	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 183,002	\$ 34,690	\$ 217,692
2025	190,307	27,385	217,692
2026	37,216	19,782	56,998
2027	38,221	18,777	56,998
2028	39,253	17,745	56,998
2029-2033	212,748	72,244	284,992
2034-2039	243,062	46,308	289,370
2040-2041	162,161	4,456	166,617
Total	\$ 1,105,970	\$ 241,386	\$ 1,347,356

Land Contract

Land contract outstanding on December 31, 2023 totaled \$4,229,130 and was comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/23</u>
Land Contract	09/23/20	09/23/30	1.00%	\$ 5,818,310	\$ 4,229,130

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Land Contract (Continued)

Annual principal and interest maturities of the outstanding land contract of \$4,229,130 on December 31, 2023 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 586,277	\$ 42,291	\$ 628,568
2025	592,140	36,428	628,568
2026	598,061	30,507	628,568
2027	604,042	24,526	628,568
2028	610,082	18,486	628,568
2029-2030	1,238,528	18,608	1,257,136
Total	<u>\$ 4,229,130</u>	<u>\$ 170,846</u>	<u>\$ 4,399,976</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2023 totaled \$2,300,000 and were comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/23</u>
Revenue Bond	08/07/18	05/01/38	3.25 - 3.50%	\$ 2,715,000	\$ 2,300,000

Annual principal and interest maturities of the outstanding revenue bonds of \$2,300,000 on December 31, 2023 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 115,000	\$ 74,894	\$ 189,894
2025	120,000	71,075	191,075
2026	125,000	67,094	192,094
2027	130,000	62,950	192,950
2028	135,000	58,644	193,644
2029-2033	755,000	222,511	977,511
2034-2038	920,000	82,504	1,002,504
Total	<u>\$ 2,300,000</u>	<u>\$ 639,672</u>	<u>\$ 2,939,672</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenues Pledged

Revenue bonds are payable only from revenues derived from the operation of the water utility and tax increments generated by the Village's Tax Incremental Financing District No. 1 and does not constitute debt where the full faith and credit or taxing powers of the Village are pledged. The Village has pledged future water utility revenues, net of specified operating expenses, and tax increments to repay the revenue bonds through 2038. Proceeds from the bonds provided financing for the construction or acquisition of capital assets paid for by the Village's Tax Incremental Financing District No. 1 and used by the utilities. The Village has recorded the revenue bonds in governmental activities because the Village believes Tax Incremental Financing District No. 1 will have sufficient resources to retire the debt when due. If the Village's Tax Incremental Financing District No. 1 cannot make a debt payment, the Village's water utility will be responsible for the debt service maturities.

A summary of net customer revenues, tax increments, debt service and remaining principal and interest due on revenue bonds follows:

	Water Utility
Net Customer Revenues:	
Charges for Services	\$ 1,168,727
Other	49,748
Total Operating Revenues	1,218,475
Less: Operating Expenses, Less Depreciation	961,996
Net Customer Revenues	256,479
Tax Increments	188,550
Total Pledged Revenues	\$ 445,029
Debt Service:	
Principal	\$ 110,000
Interest	78,550
Total Debt Service	\$ 188,550
Remaining Principal and Interest	\$ 2,939,672

There are various requirements associated with each of the Village's bond issues. The Village believes it is in compliance with all significant bond issue requirements.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases Payable

The Village leases three vehicles under long-term, noncancelable lease agreements. The leases expire at various dates through 2027.

Total principal and interest costs for such leases for governmental funds were \$16,844 for the year ended December 31, 2023. The future minimum lease payments for these agreements are as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Totals
2024	\$ 23,561	\$ 2,297	\$ 25,858
2025	24,521	1,337	25,858
2026	18,545	454	18,999
2027	1,526	4	1,530
Total	\$ 68,153	\$ 4,092	\$ 72,245

Right-to-use assets acquired through outstanding leases are as follows:

Vehicles	\$	82,752
Less: Accumulated Amortization for:		
Vehicles		15,545
Total	\$	67,207

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

2. Postretirement 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 follow:

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2013	(9.6)	9
2014	4.7	25
2015	2.9	20
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

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, 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 year ended December 31, 2023, the WRS recognized \$209,951 in contributions from the Village.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the Village reported a liability of \$657,482 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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, 2022, the Village's proportion was 0.01241071%, which was a decrease of 0.00082639% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense of \$330,500.

At December 31, 2023, 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	\$ 1,047,165	\$ 1,375,741
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,116,912	-
Changes in Assumptions	129,288	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,707	15,207
Employer Contributions Subsequent to the Measurement Date	209,951	-
Total	<u>\$ 2,506,023</u>	<u>\$ 1,390,948</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

\$209,951 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as an addition to the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2024	\$ 35,343
2025	186,587
2026	190,564
2027	492,630
Total	\$ 905,124

5. Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Public Equity	48.0%	7.6%	5.0%
Public Fixed Income	25.0%	5.3%	2.7%
Inflation Sensitive Assets	19.0%	3.6%	1.1%
Real Estate	8.0%	5.2%	2.6%
Private Equity/Debt	15.0%	9.6%	6.9%
Cash	-15.0%	N/A	N/A
Total Core Fund	100%	7.4%	4.8%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.2%	4.6%
International Equities	30%	8.1%	5.5%
Total Variable Fund	100%	7.7%	5.1%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

The Investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single discount rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,182,163	\$ 657,482	\$ (391,367)

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

6. Payables to the Pension Plan

The Village reported a payable of \$41,534 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2023.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and therefore are recorded on these financial statements. The Village makes no employer contributions to this plan.

I. Other Postemployment Benefits

Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/reports-and-studies/financial-reports-and-statements>.

Additionally, EFT issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided

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

Contributions

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Contribution rates as of December 31, 2023 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2022		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

* Disabled Members under age 70 receive a waiver-of-premium benefit.

During the year ended December 31, 2023, the LRLIF recognized \$1,013 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023, the Village reported a liability of \$154,477 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.04054700%, which was an increase of 0.00566600% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized OPEB expense of \$19,410.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 15,119
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,898	-
Changes in Assumptions	55,500	91,184
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	32,336	9,474
Total	\$ 90,734	\$ 115,777

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2024	\$ 802
2025	(1,047)
2026	352
2027	(4,371)
2028	(10,352)
Thereafter	(10,427)
Total	\$ (25,043)

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions. The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield: *	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO Index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	50%	2.45%
U.S. Mortgages	Bloomberg MBS	50%	2.83%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single discount rate. A single discount rate of 3.76% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of the Village's proportionate share of net OPEB liability to changes in the discount rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Village's Proportionate Share of the Net OPEB Liability	\$ 210,613	\$ 154,477	\$ 111,455

Payable to the OPEB Plan

The Village reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended December 31, 2023.

J. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2023, nonspendable fund balance was as follows:

K-9 Fund:	
Nonspendable:	
Inventories and Prepaid Items	<u>\$ 6,562</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Equity (Continued)

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, 2023, restricted fund balance was as follows:

Debt Service Fund:		
Restricted for Debt Retirement	\$	673,555
Fire Department Donations Fund:		
Restricted for Fire Department		67,111
Police Department Fund:		
Restricted for Police Department		34,960
Parks and Recreation Fund:		
Restricted for Park Development		393,578
Tax Incremental Financial District No. 1:		
Restricted for Project Plan Development		1,499,415
Tax Incremental Financial District No. 2:		
Restricted for Project Plan Development		<u>2,741,913</u>
Total Restricted Fund Balance	\$	<u><u>5,410,532</u></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, 2023, fund balance was assigned as follows:

General Fund:		
Assigned for Fire Station Project	\$	1,325,000
Capital Projects Funds:		
Assigned for Subsequent Year's Expenditures:		
Capital Improvements		803,160
Tax Incremental District No. 1:		
Project Plan Development		<u>1,147,756</u>
Subtotal		<u>1,950,916</u>
Special Revenue Fund:		
Assigned for Subsequent Year's Expenditures:		
K-9 Program		<u>138,943</u>
Total	\$	<u><u>3,414,859</u></u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, the Village can recover \$30,421,829 from future excess tax increment revenues of the following:

	Recoverable Costs
TID #1	\$ 22,959,999
TID #2	7,461,830

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:

	Termination Year
TID #1	2029
TID #2	2031

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER INFORMATION (CONTINUED)

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, 2023, the Village abated property taxes totaling \$2,064,472 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A property tax abatement of \$305,450 to a developer for 14.80% within Tax Incremental District #1.
- A property tax abatement of \$228,758 to a developer for 11.10% within Tax Incremental District #1.
- A property tax abatement of \$361,134 to a developer for 17.50% 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. There was no reduction in coverage in the current year, and no losses exceeded insurance coverage in any of the past three years.

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. Subsequent Events

On March 26th, 2024, the Village issued \$10,000,000 of general obligation promissory notes to be used for various projects in TID No. 1 and TID No. 2.

Also on March 26th, 2024, the Village issued \$1,450,000 of general obligation promissory notes be used for projects in TID No. 1.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.00774009%	\$ (190,118)	\$ 939,257	20.24%	102.74%
12/31/15	0.00770979%	125,283	969,185	12.93%	98.20%
12/31/16	0.00809579%	66,729	1,105,339	6.04%	99.12%
12/31/17	0.00897009%	(266,332)	1,200,250	22.19%	102.93%
12/31/18	0.01006341%	358,024	1,287,386	27.81%	96.45%
12/31/19	0.01065425%	(343,541)	1,308,652	26.25%	102.96%
12/31/20	0.01122557%	(700,827)	1,411,725	49.64%	105.26%
12/31/21	0.01158432%	(933,717)	1,439,600	64.86%	106.02%
12/31/22	0.01241071%	657,482	1,605,777	40.94%	95.72%

**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 Payroll (Fiscal Year)	Contributions as a Percentage of Covered 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%
12/31/18	111,615	111,615	-	1,287,387	8.67%
12/31/19	111,431	111,431	-	1,308,652	8.51%
12/31/20	130,988	130,988	-	1,411,725	9.28%
12/31/21	136,843	136,843	-	1,439,600	9.51%
12/31/22	152,701	152,701	-	1,605,777	9.51%
12/31/23	209,951	209,951	-	1,950,989	10.76%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.03846000%	\$ 115,734	\$ 1,200,250	9.64%	44.81%
12/31/18	0.03946400%	101,829	1,171,000	8.70%	48.69%
12/31/19	0.03212700%	136,803	1,308,652	10.45%	37.58%
12/31/20	0.03334500%	183,422	1,411,725	12.99%	31.36%
12/31/21	0.03488100%	206,160	1,283,000	16.07%	29.57%
12/31/22	0.04054700%	154,477	1,560,000	9.90%	38.81%

**SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 759	\$ 759	\$ -	\$ 1,171,000	0.06%
12/31/19	633	633	-	1,308,652	0.05%
12/31/20	689	689	-	1,411,725	0.05%
12/31/21	700	700	-	1,283,000	0.05%
12/31/22	825	825	-	1,605,777	0.05%
12/31/23	1,013	1,013	-	1,950,988	0.05%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions:

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the EFT Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021 including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0 to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the EFT Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018 including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023**

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Local Retiree Life Insurance Fund

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions:

Assumptions: The ETF Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Taxes:				
General Property	\$ 2,070,873	\$ 2,070,872	\$ 1,870,872	\$ (200,000)
Managed Forest Crop Tax	75	74	74	-
Use Value Penalty	500	-	-	-
Interest and Taxes	2,000	2,200	3,731	1,531
Total Taxes	<u>2,073,448</u>	<u>2,073,146</u>	<u>1,874,677</u>	<u>(198,469)</u>
Intergovernmental:				
State Shared Taxes	93,066	93,066	93,067	1
Fire Insurance Dues	47,000	54,502	54,502	-
Police	-	11,618	54,171	42,553
Tax-Exempt Computer Aid	1,730	1,730	1,730	-
Transportation	464,759	464,759	464,759	-
State Disaster Aid	-	62,865	62,865	-
Recycling	18,603	18,583	18,583	-
Election Grant	-	-	1,014	1,014
Total Intergovernmental	<u>625,158</u>	<u>707,123</u>	<u>750,691</u>	<u>43,568</u>
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	3,025	3,260	3,260	-
Operators License	6,250	2,000	5,397	3,397
Cigarette License	100	200	200	-
Cable Television Fees	37,000	37,880	39,659	1,779
Dog	4,000	4,750	4,551	(199)
Permits:				
Quarry	4,000	5,000	7,095	2,095
Building	70,000	81,276	119,181	37,905
Site Review	500	750	900	150
Zoning	2,000	2,600	3,725	1,125
Total Licenses and Permits	<u>126,875</u>	<u>137,716</u>	<u>183,968</u>	<u>46,252</u>
Fines and Forfeits:				
Court Fines and Penalties	80,000	66,435	64,552	(1,883)
Parking Tickets	-	3,000	3,950	950
Dog License Late Fee	200	240	240	-
Total Fines and Forfeits	<u>80,200</u>	<u>69,675</u>	<u>68,742</u>	<u>(933)</u>
Public Charges for Services:				
General Government	4,000	22,000	24,836	2,836
Garbage Collection	431,240	431,300	431,300	-
Street Lighting	70,638	70,461	70,461	-
Fire Calls	-	1,639	1,639	-
Land and Tower Rent Fees	30,000	-	-	-
Total Public Charges for Services	<u>535,878</u>	<u>525,400</u>	<u>528,236</u>	<u>2,836</u>
Intergovernmental Charges for Services:				
Police Services	723,694	739,329	759,973	20,644
Miscellaneous:				
Reimbursements	-	3,634	6,611	2,977
Interest	10,000	180,000	263,237	83,237
Other General Government	3,718	3,708	3,708	-
Total Miscellaneous	<u>13,718</u>	<u>187,342</u>	<u>273,556</u>	<u>86,214</u>
Total Revenues	<u>\$ 4,178,971</u>	<u>\$ 4,439,731</u>	<u>\$ 4,439,843</u>	<u>\$ 112</u>

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General Government:				
Village Board	\$ 51,043	\$ 51,051	\$ 54,556	\$ (3,505)
Municipal Court	89,132	97,727	92,496	5,231
Legal	120,000	100,000	103,257	(3,257)
Village Administration	170,016	60,156	65,075	(4,919)
Village Clerk	215,414	132,956	127,783	5,173
Economic Development	22,500	11,000	9,851	1,149
Tribal Affairs	12,000	12,000	11,000	1,000
Elections	12,500	16,624	15,017	1,607
Audit and Other Accounting	8,000	10,500	10,158	342
Treasurer	1,000	500	9,772	(9,272)
Property Assessment	38,000	40,000	41,775	(1,775)
Buildings and Grounds	46,590	52,132	53,133	(1,001)
General Office	58,500	58,500	48,834	9,666
Insurance and Bonds	28,905	30,151	24,693	5,458
General Contingency	141,579	30,000	84,961	(54,961)
Total General Government	<u>1,015,179</u>	<u>703,297</u>	<u>752,361</u>	<u>(49,064)</u>
Public Safety:				
Police Department	1,903,293	1,941,660	2,001,444	(59,784)
Animal Control	1,750	1,750	1,291	459
Fire Protection	456,482	455,784	453,571	2,213
Rescue Service	143,029	136,400	136,400	-
Total Public Safety	<u>2,504,554</u>	<u>2,535,594</u>	<u>2,592,706</u>	<u>(57,112)</u>
Public Works:				
Highway Administration	230,941	171,591	190,199	(18,608)
Highway Maintenance and Construction	556,501	359,831	354,270	5,561
Street Lighting	90,000	90,000	99,545	(9,545)
Garbage Collection	285,000	285,000	300,864	(15,864)
Total Public Works	<u>1,162,442</u>	<u>906,422</u>	<u>944,878</u>	<u>(38,456)</u>
Conservation and Development:				
Neighborhood Services	146,132	119,971	116,852	3,119
Planning/Zoning	1,500	1,500	1,550	(50)
Total Conservation and Development	<u>147,632</u>	<u>121,471</u>	<u>118,402</u>	<u>3,069</u>
Total Expenditures	<u>\$ 4,829,807</u>	<u>\$ 4,266,784</u>	<u>\$ 4,408,347</u>	<u>\$ (141,563)</u>

**VILLAGE OF HOBART, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	K-9 Fund	ARPA	Fire Department Donations	Police Department Donations	Parks and Recreation	Total
ASSETS						
Cash and Investments	\$ 138,943	\$ 237,801	\$ 77,537	\$ 36,100	\$ 394,418	\$ 884,799
Prepaid Items	6,562	-	-	-	-	6,562
Total Assets	<u>\$ 145,505</u>	<u>\$ 237,801</u>	<u>\$ 77,537</u>	<u>\$ 36,100</u>	<u>\$ 394,418</u>	<u>\$ 891,361</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ 64,259	\$ 10,426	\$ 1,140	\$ 840	\$ 76,665
Unearned Revenues	-	173,542	-	-	-	173,542
Total Liabilities	<u>-</u>	<u>237,801</u>	<u>10,426</u>	<u>1,140</u>	<u>840</u>	<u>250,207</u>
Fund Balances:						
Nonspendable	6,562	-	-	-	-	6,562
Restricted	-	-	67,111	34,960	393,578	495,649
Assigned	138,943	-	-	-	-	138,943
Total Fund Balances	<u>145,505</u>	<u>-</u>	<u>67,111</u>	<u>34,960</u>	<u>393,578</u>	<u>641,154</u>
Total Liabilities and Fund Balances	<u>\$ 145,505</u>	<u>\$ 237,801</u>	<u>\$ 77,537</u>	<u>\$ 36,100</u>	<u>\$ 394,418</u>	<u>\$ 891,361</u>

**VILLAGE OF HOBART, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	<u>K-9 Fund</u>	<u>ARPA</u>	<u>Fire Department Donations</u>	<u>Police Department Donations</u>	<u>Parks and Recreation</u>	<u>Total</u>
REVENUES						
Intergovernmental	\$ -	\$ 435,995	\$ -	\$ -	\$ -	\$ 435,995
Licenses and Permits	-	-	-	-	28,628	28,628
Miscellaneous	16,591	27,772	30,993	35,940	48	111,344
Total Revenues	<u>16,591</u>	<u>463,767</u>	<u>30,993</u>	<u>35,940</u>	<u>28,676</u>	<u>575,967</u>
EXPENDITURES						
Current:						
General Government	-	62,827	-	-	-	62,827
Public Safety	17,459	169,537	-	13,313	-	200,309
Public Works	-	98,189	-	-	-	98,189
Culture and Recreation	-	-	-	-	11,615	11,615
Capital Outlay	-	133,214	-	-	-	133,214
Total Expenditures	<u>17,459</u>	<u>463,767</u>	<u>-</u>	<u>13,313</u>	<u>11,615</u>	<u>506,154</u>
NET CHANGE IN FUND BALANCES	(868)	-	30,993	22,627	17,061	69,813
Fund Balances - Beginning of Year	<u>146,373</u>	<u>-</u>	<u>36,118</u>	<u>12,333</u>	<u>376,517</u>	<u>571,341</u>
FUND BALANCES - END OF YEAR	<u>\$ 145,505</u>	<u>\$ -</u>	<u>\$ 67,111</u>	<u>\$ 34,960</u>	<u>\$ 393,578</u>	<u>\$ 641,154</u>

**VILLAGE OF HOBART, WISCONSIN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 619,370	\$ 619,370	\$ 950,370	\$ 331,000
Excess Stadium District Sales Tax	-	3,193	3,192	(1)
Miscellaneous	-	3,525	6,586	3,061
Total Revenues	619,370	626,088	960,148	334,060
EXPENDITURES				
Current:				
Debt Service:				
Principal	490,000	490,000	490,000	-
Interest and Fiscal Charges	129,370	129,370	129,369	1
Total Expenditures	619,370	619,370	619,369	1
EXCESS OF REVENUES OVER EXPENDITURES	-	6,718	340,779	334,061
OTHER FINANCING SOURCES (USES)				
Premium on Debt Issued	-	97,008	167,008	70,000
NET CHANGE IN FUND BALANCE	-	103,726	507,787	404,061
Fund Balance - Beginning of Year	165,768	165,768	165,768	-
FUND BALANCE - END OF YEAR	\$ 165,768	\$ 269,494	\$ 673,555	\$ 404,061

**VILLAGE OF HOBART, WISCONSIN
TAX INCREMENTAL DISTRICT #1 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,739,567	\$ 3,739,567	\$ 2,186,567	\$ (1,553,000)
Intergovernmental	1,439	1,439	1,435	-
Miscellaneous	342,988	342,988	224,528	(118,460)
Total Revenues	<u>4,083,994</u>	<u>4,083,994</u>	<u>2,412,530</u>	<u>(1,671,460)</u>
EXPENDITURES				
Current:				
General Government	67,044	67,044	51,451	15,593
Conservation and Development	1,972,619	1,972,619	-	1,972,619
Debt Service:				
Principal	1,219,354	1,219,354	1,799,826	(580,472)
Interest and Fiscal Charges	632,227	632,227	680,323	(48,096)
Capital Outlay	-	-	446,506	(446,506)
Total Expenditures	<u>3,891,244</u>	<u>3,891,244</u>	<u>2,978,106</u>	<u>913,138</u>
NET CHANGE IN FUND BALANCE	192,750	192,750	(565,576)	(758,322)
Fund Balance - Beginning of Year	<u>3,212,747</u>	<u>3,212,747</u>	<u>3,212,747</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,405,497</u>	<u>\$ 3,405,497</u>	<u>\$ 2,647,171</u>	<u>\$ (758,322)</u>

**VILLAGE OF HOBART, WISCONSIN
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 597,908	\$ 597,908	\$ 466,908	\$ (131,000)
Intergovernmental Charges for Services	36,000	45,536	37,833	(7,703)
Miscellaneous	-	90,000	130,875	40,875
Total Revenues	<u>633,908</u>	<u>733,444</u>	<u>635,616</u>	<u>(97,828)</u>
EXPENDITURES				
Debt Service:				
Interest and Fiscal Charges	-	123,307	123,307	-
Capital Outlay	926,774	5,749,457	5,685,054	64,403
Total Expenditures	<u>926,774</u>	<u>5,872,764</u>	<u>5,808,361</u>	<u>64,403</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(292,866)	(5,139,320)	(5,172,745)	(33,425)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	4,900,000	4,900,000	-
Capital Lease Proceeds	-	-	82,752	82,752
Premium on Debt Issued	-	54,292	54,293	1
Escrow Agent	-	-	12,600	12,600
Proceeds from Sale of Capital Assets	292,866	213,783	-	(213,783)
Total Other Financing Sources (Uses)	<u>292,866</u>	<u>5,168,075</u>	<u>5,049,645</u>	<u>(118,430)</u>
NET CHANGE IN FUND BALANCE	-	28,755	(123,100)	(151,855)
Fund Balance - Beginning of Year	926,260	926,260	926,260	-
FUND BALANCE - END OF YEAR	<u>\$ 926,260</u>	<u>\$ 955,015</u>	<u>\$ 803,160</u>	<u>\$ (151,855)</u>

**VILLAGE OF HOBART, WISCONSIN
TAX INCREMENTAL DISTRICT #2 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,290,551	\$ 2,290,551	\$ 1,385,839	\$ (904,712)
Intergovernmental	1,435	1,435	327	-
Miscellaneous	3,000	3,000	128,306	125,306
Total Revenues	<u>2,294,986</u>	<u>2,294,986</u>	<u>1,514,472</u>	<u>(779,406)</u>
EXPENDITURES				
Current:				
General Government	44,972	44,972	54,577	(9,605)
Conservation and Development	720,275	720,275	50,000	670,275
Debt Service:				
Principal	524,135	524,135	524,135	-
Interest and Fiscal Charges	166,625	166,625	276,191	(109,566)
Capital Outlay	-	-	2,322,954	(2,322,954)
Total Expenditures	<u>1,456,007</u>	<u>1,456,007</u>	<u>3,227,857</u>	<u>(1,771,850)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	838,979	838,979	(1,713,385)	(2,551,256)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	3,500,000	3,500,000
Premium on Debt Issued	-	-	48,141	48,141
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,548,141</u>	<u>3,548,141</u>
NET CHANGE IN FUND BALANCE	838,979	838,979	1,834,756	996,885
Fund Balance - Beginning of Year	<u>907,157</u>	<u>907,157</u>	<u>907,157</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,746,136</u>	<u>\$ 1,746,136</u>	<u>\$ 2,741,913</u>	<u>\$ 996,885</u>

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



**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***

Village Board
Village of Hobart, Wisconsin

We have audited, in accordance with the 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 Village of Hobart, Wisconsin (the Village), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village of Hobart, Wisconsin's basic financial statements, and have issued our report thereon dated April 30, 2024.

Report on 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) as a basis for designing 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 questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 to be material weaknesses.

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 2023-003 to be a significant deficiency.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the Village’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 30, 2024

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting

Finding No.

2023-001

Segregation of Duties

Repeat finding of 2022-001

Material Weakness in Internal Control over Financial Reporting

Condition

The Village has limited positions to essentially complete all financial and recordkeeping duties of the general Village's operations. Accordingly, this does not allow for proper segregation of duties for internal control purposes.

Criteria or Specific Requirement

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's 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 (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting (Continued)

Finding No.

2023-002

Adjustments to the Village's Financial Records

Repeat finding of 2022-002

Material Weakness in Internal Control over Financial Reporting

Condition

As part of our audit, we proposed adjusting journal entries to the Villages financial statements.

Criteria or Specific Requirement

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 misstatements.

Recommendation

We recommend the Village continue reviewing the adjusting, closing and Governmental Accounting Standards Board Statement No. 34 (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 an adequate understanding of the Village's financial reports.

Management's Response

The Village has contracted with an experienced governmental finance professional to review the adjusting, closing, and GASB 34 conversion entries drafted by CLA. Management has reviewed and approved the financial statements and other information prior to issuance.

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Internal Control Over Financial Reporting (Continued)

2023-003	<p>Preparation of Annual Financial Report Repeat finding of 2022-003 Significant Deficiency in Internal Control over Financial Reporting</p>
Condition	Current Village staff maintain accounting records which reflect the Village's financial transactions; however, preparing the Village's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Village contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the Village's internal control system, As part of its internal control over preparation of its financial statements, including disclosures, the Village had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.
Criteria or Specific Requirement	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or municipal financial report.
Cause	Village management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect	Without our involvement, the Village may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation	We recommend the Village continue reviewing the annual financial and municipal financial reports. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the reports, a thorough review of this information by appropriate staff of the Village is necessary to obtain a complete and adequate understanding of the Village's annual financial and municipal financial reports.
Management's Response	Management believes that the cost of hiring additional staff to prepare financial reports outweigh the benefits to be received. Management will continue to review the financial statements.



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