

**VILLAGE OF HOBART, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**



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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, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Hobart, Wisconsin'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 of Hobart, Wisconsin, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 of Hobart, Wisconsin 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.

#### ***Emphasis of Matter***

As discussed in Note 1.F to the financial statements, effective January 1, 2022, the Village of Hobart, Wisconsin adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and a corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

#### ***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 of Hobart, Wisconsin'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 Village of Hobart, Wisconsin'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 Village of Hobart, Wisconsin'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 of Hobart, Wisconsin's basic financial statements. The detailed comparisons of general fund budgeted and actual revenues and expenditures, the combining nonmajor fund 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 statements and the budget to actual schedules are 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 March 30, 2023, on our consideration of the Village of Hobart, Wisconsin'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 of Hobart, Wisconsin'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 Village of Hobart, Wisconsin's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
March 30, 2023

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



## **Management's Discussion and Analysis December 31, 2022**

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, 2022, 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, 2022, 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, 2022, 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 2022 Wisconsin Department of Administration population estimate of 10,486. This is a 2.69% increase over the 2020 population census of 10,211, and a 69.62% increase since the 2010 Federal Census report of 6,182. The 2022 growth was the result of a total of 112 new housing units added within the Village during 2021. The population and square mile statistics combine to produce a population density of 318 persons per square mile. This indicates ample land for future growth and orderly development. The Village of Hobart is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board.

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



day-to-day operations of the government, economic development, monitoring and lobbying on state and federal legislation affecting the Village, and annually compiling an executive budget recommendation, among other responsibilities.

The Village provides a full range of municipal services contemplated by statute or character, including public safety, streets, sanitation, parks/recreation/culture, public improvements, building safety and code compliance, neighborhood services, planning and zoning, water, sewer and storm water systems, and general administrative services. Public safety is provided with two fire stations and 28 volunteer firefighters, and a police department with 15.85 FTEs, which includes the Police Chief, Police Captain, and Police/Administrative Clerk. The Public Works Division, in consultation with a contracted engineering firm, is responsible for the engineering, designing and inspection of Village construction projects, maintenance of public roadways within the Village, and a variety of other public works services throughout the year. The Village also provides for refuse and garbage disposal for its residents through an outside contract for services. Total full time equivalent (FTE) municipal employment numbers 26.85. The Pulaski Community School District and West De Pere School District serve the Village and provides a comprehensive program for students in kindergarten through the twelfth grade. Higher education is provided by the University of Wisconsin-Green Bay and Northeast Wisconsin Technical College, both located in Green Bay, and St. Norbert College, located in 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 supplemental information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all 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.

The Village changed accounting policies related to pension accounting by adopting Statement of Governmental Accounting Standards Board (GASB) No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The statement of net position reflects the Village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. For purposes of measuring the net pension asset, deferred outflow/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Village has adopted GASB Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits.

Required supplementary information found on pages 78 – 81 of this report recognizes GASB No. 68, No. 71, and No. 75 schedules.

In June 2017, GASB Statement No. 87 Leases was issued. The standard required the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Village adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. As a result of the implementation of this standard, the Village recorded a lease receivable and deferred inflow of resources of \$117,355 in the business-type activities and the water fund.

More detailed information on the Village's lease activity may be found in Note 3(B) on page 51 of the notes to the financial statements.

**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, and a Park and Recreation Fund which accounts for any revenues and expenditures relating to park development, park maintenance and recreational programming. In 2022, the Village Board approved by resolution the creation of 2 additional non-major special revenue funds, 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.

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 all major governmental funds.

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

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

The basic proprietary fund financial statements can be found on pages 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.

**Other information.** Supplemental schedules can be found on pages 83 - 91.

## **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 current Plan prioritized certain spending and projects initiatives for the years 2018-2020. 2022 initiatives were: completion of the WIS 29/CTH VV interchange construction and updating the 10-year capital road plan. In 2023, the Village plans to construct a new fire station, replacing the current facility on South Pine Tree Road, which has served the Village since the 1960s. 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; and Green Bay Metropolitan Sewerage District Local Annual Rate Adjustment.

In 2022, the Village adopted a new policy by resolution authorizing to Write Off Old Uncollectible Accounts Receivable. The Village collects accounts receivable using a process that includes internal billing and collection efforts, the use of a collection agency; and tax intercept. Once accounts reach a certain age without successful collection, it is best to remove them from the accounting system. The process of writing off old accounts does not forgive the debt but only removes them from the accounting system. Removing the accounts from the accounting system allows the Village to maintain a cleaner, more efficient, system.

**Economic Information/Outlook.** The Village of Hobart continues to see tremendous record-breaking growth with an estimated 2022 population of 10,486 and a 2022 equalized valuation of \$1,293,863,100 which is a 14% increase over the 2021 equalized valuation of \$1,137,391,600. This follows a 8% increase from the 2020 equalized valuation of \$1,056,501,600 to the 2021 equalized valuation. 2020 was first time the Village has had a tax base exceeding \$1 billion in equalized value. Between 2022 and 2021, 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 2022. 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 2022, 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 2022, Hobart experienced 63 new single-family housing starts with a total residential permit valuation equaling \$26,816,470, and 8 multi-family housing units with a total residential permit valuation equaling \$14,580,000.

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 \$388,036,400 in equalized incremental value. TID 1 had \$253,512,800 in equalized incremental value upon updated assessments as of January 1, 2022, and TID 2 had \$134,523,600 equalized incremental value.

Recent development in Tax Increment District (TID) 1 consisted of the purchase of nearly seventy (70) acres of undeveloped land from a private landowner and an agreement with Bayland Buildings, a local development and construction company, to develop the land over the next decade. The parcels made up the majority of the remaining undeveloped property in the TID. Work on installing the infrastructure for the Business District was started in 2022, with full completion expected in 2023. The TID also saw construction begin on a new facility for Forever.com, a cloud-based IT company. The development of the Wyld Berry Condominiums, the first of its kind in the TID, continued. The TID also contributed to the development of the Blackberry Ridge, a 30-lot single family home subdivision, which has seen nearly all of the residential lots either sold or being developed.

In 2019, the Federal government awarded a \$19.8 million grant to Brown County for the construction of an interchange to be located at the intersection of County Highway VV and State Highway 29. This project, which has an estimated cost of \$30 million, will improve access to the TID from Highway 29. Construction was completed in 2022. The Village is contributing \$3.2 million to the project, in addition to local road and utility improvements.

In TID 2, a new subdivision, Volante, will be opened in 2023. The subdivision will consist of 46 single family homes and 256 apartment units. Work started in 2021 on eight apartment buildings which will add an estimated \$10 million to the TID's tax base. The TID also contributed to the development of the Southwinds Estate subdivision, which will consist of 45 single-family residential lots, four 14-unit apartment buildings and two 10-unit apartment buildings, estimated to bring an additional \$21.4 million to the tax base. 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, 2022, the Village abated property taxes totaling \$1,824,185 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. Moderately priced subdivisions including Southwind Estates and Blackberry Estates are rapidly approaching their respective build-outs while the new 5<sup>th</sup> Addition to Hemlock Creek Blackberry Subdivision come aboard in 2021 and both the North Autumn Joy and South Autumn Joy subdivisions came aboard in 2022.

The non-seasonal adjusted unemployment rate for the Village of Hobart in December 2022 was 2.0 percent. The state's non-seasonal adjusted December unemployment rate was 2.3 percent, with a U.S. non-seasonal unemployment rate of 3.9 percent.

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

## Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2022, by \$20,100,140 (*net position*). Of this amount, (\$14,091,956) (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 \$2,083,808 due primarily to Utility Capital Assets financed by Tax Increment Districts;
- As of December 31, 2022, the Village's governmental funds reported combined ending fund balances of \$7,554,806, an increase of \$1,044,514 in comparison with the prior year. The increase resulted from Capital Projects and Tax Increment District 1 available fund balance usage for financing 2022 capital projects and development. Approximately 0.11%, \$8,074 is nonspendable for K-9 program inventories and prepaid items. Approximately 0.14%, \$10,442 is restricted for GIS. Approximately 2.20%, \$165,768 is restricted for tax levy supported debt relief. Approximately 39.34%, \$2,972,148 is restricted for capital projects in tax incremental districts. Approximately 4.98%, \$376,517 is restricted for parks and recreation. Approximately 0.64%, \$48,451 is restricted for police and fire donations. Approximately 17.21%, \$1,300,000 is assigned for a fire station construction. Approximately 27.45%, \$2,074,016 is assigned for development and capital improvements. Approximately 1.83%, \$138,299 is assigned for the K-9 program. Approximately 6.10%, \$461,091 is unassigned and *available for spending* at the Village's discretion;
- As of December 31, 2022, the general fund balance of \$1,771,533 was approximately 44.05% of total general fund expenditures;
- On April 27, 2022, \$8,460,000 general obligation promissory notes were issued to finance the cost of interchange and road projects and other public-infrastructure projects in the Village's Tax Incremental District No. 1, and to refund the Village's General Obligation Refunding Bonds, Series 2012, dated July 10, 2012, for debt service savings. The notes have interest rates ranging from 2.75% to 3.00% in 2023 thru 2032. In 2022, \$6,062,031 was paid on outstanding principal and refunded debt.
- The Village's 2022 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 Acct 114 funds for tax levy supported debt relief. To date, the Village of Hobart's portion of the sales taxes collected or imposed was \$445,178. In 2015 \$406,658 was received, \$13,277 was received in 2016, \$12,923 was received in 2017, \$8,258 was received in 2018, \$3,122 was received in 2019, \$743 was received in 2020, \$90 was received in 2021, and \$107 was received in 2022.

## 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 \$20,100,140 at the close of 2022.

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	
	2022	2021	2022	2021	2022	2021
<b>Assets</b>						
Current and other assets	\$ 21,000	\$ 19,187	\$ 2,404	\$ 2,237	\$ 23,404	\$ 21,424
Leases Receivable	-	-	117	-	117	-
Assets held for resale	871	1,088	-	-	871	1,088
Net pension asset	833	611	101	90	934	701
Capital assets	21,138	19,141	29,379	27,908	50,517	47,049
Total Assets	43,842	40,027	32,001	30,235	75,843	70,262
<b>Deferred Outflows of Resources</b>						
Related to pension	1,646	1,024	193	150	1,839	1,174
Related to other postemployment	68	72	11	12	79	84
Total Deferred Outflows of Resources	1,714	1,096	204	162	1,918	1,258
<b>Liabilities</b>						
Long-term liabilities outstanding	38,980	35,641	4,236	5,044	43,216	40,685
Other postemployment benefits	179	156	28	27	207	183
Other liabilities	1,628	1,974	319	248	1,947	2,222
Total Liabilities	40,787	37,771	4,583	5,319	45,370	43,090
<b>Deferred Inflows of Resources</b>						
Property taxes	9,941	8,839	-	-	9,941	8,839
Related to Pension	1,963	1,340	237	198	2,200	1,538
Related to other postemployment	29	31	4	5	33	36
Leases	-	-	117	-	117	-
Total Deferred Inflows of Resources	11,933	10,210	358	203	12,291	10,413
<b>Net Position</b>						
Net investment in capital assets	2,470	3,018	24,968	22,864	27,438	25,882
Restricted	6,654	3,604	100	90	6,754	3,694
Unrestricted	(16,287)	(13,481)	2,195	1,921	(14,092)	(11,560)
Total Net Position	\$ (7,163)	\$ (6,859)	\$ 27,263	\$ 24,875	\$ 20,100	\$ 18,016

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, 2022, 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 (\$7,163,144). The change in net position during 2022 was a decrease of \$304,435 because the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts. Total general revenues and transfers of \$4,533,046 less \$4,837,481 governmental activities resulted in the net position decrease.

Net position of the water utility enterprise fund at the end of the year amounted to \$12,253,420. The change in net position during 2022 was an increase of \$637,804. Operating income of \$74,358, nonoperating revenue of \$5,675, and capital contributions of \$633,972, were more than nonoperating expenses of \$13,527 and transfers out of

\$62,674 resulting in the net position increase. The 2022 operating income of \$74,358 resulted from operating revenues of \$1,120,811 exceeding operating expenditures of \$1,046,453 and the operating income was consistent with the prior year.

Net position of the sewer utility enterprise fund at the end of the year amounted to \$8,638,982. The change in net position during 2022 was an increase of \$1,123,174. Operating income of \$459,770, nonoperating revenue of \$2,002, and capital contributions of \$775,232 were more than nonoperating expenses of \$73,830 and transfers out of \$40,000 resulting in the net position increase. The 2022 operating income of \$459,770 resulted from operating revenues of \$1,758,123 exceeding operating expenditures of \$1,298,353 and the operating income was consistent with the prior year.

Net position of the storm water utility enterprise fund at the end of the year amounted to \$6,370,882. The change in net position during 2022 was an increase of \$627,265. Operating income of \$98,325, nonoperating revenues of \$6,060 and capital contributions of \$524,008, were more than nonoperating expenses of \$1,128 resulting in the net position increase. The 2022 operating income of \$98,325 resulted from operating revenues of \$488,315 exceeding operating expenditures of \$389,990 and the operating income was consistent with the prior year.

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

<b>Village of Hobart's Change in Net Position</b>						
<b>(In thousands of dollars)</b>						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 1,414	\$ 1,354	\$ 3,367	\$ 3,298	\$ 4,781	\$ 4,652
Operating grants and contributions	915	721	-	106	915	827
Capital grants and contributions	430	254	-	-	430	254
<b>General Revenues</b>						
Property taxes	6,023	6,005	-	-	6,023	6,005
Other taxes	52	57	-	-	52	57
Grants and contributions not restricted to specific programs	97	99	-	-	97	99
Other	192	215	13	1	205	216
<b>Total Revenues</b>	<b>9,123</b>	<b>8,705</b>	<b>3,380</b>	<b>3,405</b>	<b>12,503</b>	<b>12,110</b>
<b>Expenses</b>						
General government	824	828	-	-	824	828
Public safety	2,623	2,175	-	-	2,623	2,175
Public works	1,266	1,576	-	-	1,266	1,576
Health and human services	-	3	-	-	-	3
Culture and recreation	35	16	-	-	35	16
Conservation and development	1,438	3,989	-	-	1,438	3,989
Interest on long-term debt	1,410	1,210	-	-	1,410	1,210
Water utility	-	-	1,060	1,150	1,060	1,150
Sewer utility	-	-	1,372	1,352	1,372	1,352
Storm Water utility	-	-	391	466	391	466
<b>Total Expenses</b>	<b>7,596</b>	<b>9,797</b>	<b>2,823</b>	<b>2,968</b>	<b>10,419</b>	<b>12,765</b>
Change in Net Position Before Transfers	1,527	(1,092)	557	437	2,084	(655)
Transfers	(1,831)	(1,075)	1,831	1,075	-	-
<b>Change in Net Position</b>	<b>(304)</b>	<b>(2,167)</b>	<b>2,388</b>	<b>1,512</b>	<b>2,084</b>	<b>(655)</b>
Net Position - January 1	(6,859)	(4,692)	24,875	23,363	18,016	18,671
<b>Net Position - December 31</b>	<b>\$ (7,163)</b>	<b>\$ (6,859)</b>	<b>\$ 27,263</b>	<b>\$ 24,875</b>	<b>\$ 20,100</b>	<b>\$ 18,016</b>



Net Position – January 1 Restatement: During the fiscal year ended December 31, 2021, the Village recorded a prior period adjustment in the governmental activities to record developer loans receivable of \$1,872,568 resulting in the January 1 net position previously reported to a restated amount of \$4,691,686.

### **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, 2022, the Village's governmental funds reported combined ending fund balances of \$7,554,806, an increase of \$1,044,514 in comparison with the prior year. The increase resulted from Capital Projects and Tax Increment District 1 available fund balance usage for financing 2022 capital projects and development. Approximately 6.10% (\$461,091) 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 and prepaid items (\$8,074), restricted for GIS (\$10,442), restricted for tax levy supported debt relief (\$165,768), restricted for tax incremental districts capital projects (\$2,972,148), restricted for police and fire donations (\$48,451), restricted for parks and recreation (\$376,517), assigned for a fire station construction (\$1,300,000), assigned for development and capital improvements (\$2,074,016), and assigned for the K-9 program (\$138,299).

The general fund is the main operating fund of the Village. The fund balance of the general fund on December 31, 2022, was \$1,771,533 a \$135,687 increase from the December 31, 2021, general fund balance. The \$135,687 increase in fund balance resulted from 2022 revenues of \$4,054,372 and transfer in of \$102,674 exceeding 2022 expenditures of \$4,021,359. As discussed in the previous paragraph, the general fund balance is comprised of \$461,091 for unassigned fund balance, \$10,442 restricted for GIS, and \$1,300,000 assigned for the 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 44.05% of total general fund expenditures.

The debt service fund has a total fund balance of \$165,768 which represents proceeds available for tax levy supported debt relief.

The capital projects fund has a total fund balance of \$926,260 which represents unspent revenues and transfers in being carried over for financing future capital projects.

Tax increment finance (TIF) district #1 fund balance \$3,212,747 and TIF district #2 fund balance \$907,157 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 \$146,373 which represents unspent donations for future program needs.

The Parks and Recreation fund has a total fund balance of 376,517 which represents unspent revenues and transfers for park development, park maintenance and recreational programming.

The Police Department Donations fund balance of \$12,333 and Fire Department Donations fund balance of \$36,118 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 two amendments to the 2022 original adopted General Fund Budget of \$4,111,345. On July 19, 2022, the budget was amended to \$4,114,233 and on October 18, 2022, the budget was amended to \$4,127,784. The amendments were made to cover increased inflationary expenditure increases throughout with specific emphasis on higher fuel costs.

The December 31, 2022, General Fund had a positive fund balance change of \$135,687. Actual year-end revenues of \$4,054,372 and transfers in of \$102,674 was reduced by actual year-end expenditures of \$4,021,359 resulting in the positive fund balance change. Detailed revenue and expenditure budget comparison statements are found on pages 83 -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, 2022, amounts to \$50,517,100 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the Village’s investment in capital assets for the current year was \$3,467,932.

Village of Hobart's Capital Assets						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,737,926	\$ 4,737,926	\$ 623,363	\$ 623,363	\$ 5,361,289	\$ 5,361,289
Land improvements	1,046,600	1,020,010	-	-	1,046,600	1,020,010
Buildings and improvements	1,127,224	1,127,224	34,265,347	32,732,854	35,392,571	33,860,078
Machinery and equipment	3,359,978	3,305,267	6,313,648	5,538,416	9,673,626	8,843,683
Infrastructure	16,156,990	14,425,999	-	-	16,156,990	14,425,999
Construction in progress	1,002,215	13,481	20,000	-	1,022,215	13,481
Less accumulated depreciation	(6,292,808)	(5,488,605)	(11,843,383)	(10,986,767)	(18,136,191)	(16,475,372)
<b>Total</b>	<b>\$ 21,138,125</b>	<b>\$ 19,141,302</b>	<b>\$ 29,378,975</b>	<b>\$ 27,907,866</b>	<b>\$ 50,517,100</b>	<b>\$ 47,049,168</b>

During 2022, land improvements increased \$26,590 for governmental activities, buildings and improvements capital assets increased \$1,532,493 for business-type activities, machinery and equipment assets increased \$54,711 for governmental activities and \$775,232 for business-type activities, infrastructure increased \$1,730,991 for governmental activities, and construction in progress increased \$988,734 for governmental activities and \$20,000 for business-type activities.

In 2022, Capital Asset increases are in relation to the completion of utility street and construction projects for single, multi-family, and condominium housing projects, and public green spaces within TID 1 and 2; and the finalization of the Highway 29 interchange development. Machinery and equipment increases were for a Public Safety Storage Box Install for each Squad Vehicle, and annual water meter replacements.

An increase of \$1,660,819 was recognized in accumulated depreciation for the Village’s capital assets. The Village’s estimate of the depreciable life of capital assets is based upon analysis of the expected useful life of the capital assets. The Village evaluated key factors and assumptions used to develop the depreciable life of the assets and determined they are reasonable in relation to the financial statements.

More detailed information on the Village’s capital asset activity may be found in Note 3(C) on pages 52 - 53 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 \$42,603,073. Of this amount, \$34,101,516 comprises debt backed by the full faith and credit of the government, \$2,410,000 in revenue bonds for a new water tower, \$4,809,602 for a tax increment district land contract, and \$1,281,955 for interceptor costs being paid to the Green Bay Metropolitan Sewerage District-NEW Water (Green Bay MSD).

<b>Village of Hobart's Outstanding Debt</b>						
General Obligation Debt / Revenue Bonds / and Notes Payable						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation debt						
Bonds	\$ 12,695,000	\$ 15,250,000	\$ 125,000	\$ 1,145,000	\$ 12,820,000	\$ 16,395,000
Notes	17,300,000	10,805,000	2,220,000	1,635,000	19,520,000	12,440,000
Direct Borrowings	1,210,346	1,276,519	551,170	606,011	1,761,516	1,882,530
Total general obligation debt	31,205,346	27,331,519	2,896,170	3,386,011	34,101,516	30,717,530
Revenue Bonds	2,410,000	2,515,000	-	-	2,410,000	2,515,000
Land Contract	4,809,602	5,384,327	-	-	4,809,602	5,384,327
Notes payable -						
Green Bay MSD	-	-	1,281,955	1,588,247	1,281,955	1,588,247
<b>Total</b>	<b>\$ 38,424,948</b>	<b>\$ 35,230,846</b>	<b>\$ 4,178,125</b>	<b>\$ 4,974,258</b>	<b>\$ 42,603,073</b>	<b>\$ 40,205,104</b>

During 2022 the Village’s total debt increased by \$2,397,969. On April 27, 2022, \$8,460,000 general obligation promissory notes were issued to finance the cost of interchange and road projects and other public-infrastructure projects in the Village's Tax Incremental District No. 1, and to refund the Village’s General Obligation Refunding Bonds, Series 2012, dated July 10, 2012, for debt service savings. The notes have interest rates ranging from 2.75% to 3.00% in 2023 thru 2032. The Village had the following 2022 principal debt retirement: \$2,555,000 in governmental activity general obligation bonds debt, \$1,020,000 in business-type activity general obligation bonds debt, \$1,070,000 in governmental activity general obligation notes debt, \$310,000 in business-type activity general obligation notes debt, \$66,173 in governmental activity general obligation direct borrowings debt, \$54,841 in business-type activity general obligation direct borrowings debt, \$105,000 in governmental activity revenue bonds debt, \$574,725 in tax increment district land contract, and \$306,292 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 \$64,693,155, which is significantly more than the Village’s \$34,101,516 total outstanding general obligation debt applicable to the limit. The total outstanding general obligation debt applicable to the debt limit is 52.71% which meets the percentage requirement of the Debt Management Policy adopted by the Village Board.

The Village’s 2022 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; strong management; strong budgetary performance; very strong budget flexibility; very strong liquidity; weak debt and contingent liability profile; pension and other postemployment benefits, and adequate institutional framework.

More detailed information on the Village’s long-term debt activity may be found in Note 3(E) on pages 55 - 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 2023 fiscal year budget.

- The unemployment rate for the Village of Hobart is currently 2.0 percent;
- Taxable assessed value for the Village increased by 3.35 percent;
- The projected 2023 mill rate for Village taxpayers was \$3.86 compared to \$3.63 in 2022;
- Addition of one full-time and one seasonal employee for the Public Works Department;
- Five percent increase for employee wages;
- Elimination of Village provided subscription to the Press-Times;
- A General Fund contingency balance of \$141,579, an increase of \$12,301 over the 2022 contingency fund;
- Total expenditures of \$4,829,805.06, an increase of 17.0 percent over the 2022 budget, mainly due to the consolidation of all salaries in the General Fund;

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 city, village, 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, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 10,913,803	\$ 1,671,142	\$ 12,584,945
Receivables:			
Taxes and Special Charges	6,333,533	-	6,333,533
Delinquent Taxes	13,857	-	13,857
Accounts	73,619	609,755	683,374
Special Assessments	-	122,909	122,909
Loans	3,656,395	-	3,656,395
Leases	-	117,355	117,355
Inventories and Prepaid Items	8,074	-	8,074
Assets Held for Resale	871,440	-	871,440
Net Pension Asset	833,274	100,443	933,717
Capital Assets, Nondepreciable	5,740,141	643,363	6,383,504
Capital Assets, Depreciable	15,397,984	28,735,612	44,133,596
Total Assets	<u>43,842,120</u>	<u>32,000,579</u>	<u>75,842,699</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	1,646,569	193,199	1,839,768
Other Postemployment Related Amounts	67,832	10,426	78,258
Total Deferred Outflows of Resources	<u>1,714,401</u>	<u>203,625</u>	<u>1,918,026</u>
<b>LIABILITIES</b>			
Accounts Payable	722,785	260,877	983,662
Accrued and Other Current Liabilities	91,755	3,021	94,776
Accrued Interest Payable	195,155	54,790	249,945
Special Deposits	9,270	-	9,270
Unearned Revenues	609,537	-	609,537
Long-Term Obligations:			
Due within One Year	2,813,961	677,032	3,490,993
Due in More than One Year	36,165,953	3,559,352	39,725,305
Net Other Postemployment Benefits	178,693	27,467	206,160
Total Liabilities	<u>40,787,109</u>	<u>4,582,539</u>	<u>45,369,648</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	9,940,876	-	9,940,876
Pension Related Amounts	1,963,059	236,627	2,199,686
Other Postemployment Related Amounts	28,621	4,399	33,020
Leases	-	117,355	117,355
Total Deferred Inflows of Resources	<u>11,932,556</u>	<u>358,381</u>	<u>12,290,937</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,469,585	24,968,220	27,437,805
Restricted:			
Park Development	376,517	-	376,517
Fire Department	36,118	-	36,118
Police Department	12,333	-	12,333
GIS	10,442	-	10,442
TID #1 Project Plan Development	4,216,786	-	4,216,786
TID #2 Project Plan Development	1,168,378	-	1,168,378
Pension Benefits	833,274	100,443	933,717
Unrestricted	<u>(16,286,577)</u>	<u>2,194,621</u>	<u>(14,091,956)</u>
Total Net Position	<u>\$ (7,163,144)</u>	<u>\$ 27,263,284</u>	<u>\$ 20,100,140</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 824,393	\$ 144,762	\$ -	\$ -
Public Safety	2,622,666	737,560	151,309	71,511
Public Works	1,265,946	482,825	422,742	351,000
Culture and Recreation	35,115	10,005	214,495	-
Conservation and Development	1,438,676	39,175	125,851	7,858
Interest and Fiscal Charges	1,409,778	-	-	-
Total Governmental Activities	<u>7,596,574</u>	<u>1,414,327</u>	<u>914,397</u>	<u>430,369</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water Utility	1,059,980	1,120,811	-	-
Sewer Utility	1,372,183	1,758,123	-	-
Storm Water Utility	391,118	488,315	-	-
Total Business-Type Activities	<u>2,823,281</u>	<u>3,367,249</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,419,855</u>	<u>\$ 4,781,576</u>	<u>\$ 914,397</u>	<u>\$ 430,369</u>

**GENERAL REVENUES**

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- Property Taxes, Levied for Capital Projects
- Excess Stadium District Sales Tax
- Other Taxes

- Federal and State Grants and Other Contributions  
not Restricted to Specific Functions
- Interest and Investment Earnings
- Miscellaneous

**TRANSFERS**

Total General Revenues and Transfers

**CHANGE IN NET POSITION**

Net Position - January 1

**NET POSITION - END OF YEAR**

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (679,631)	\$ -	\$ (679,631)
(1,662,286)	-	(1,662,286)
(9,379)	-	(9,379)
189,385	-	189,385
(1,265,792)	-	(1,265,792)
(1,409,778)	-	(1,409,778)
(4,837,481)	-	(4,837,481)
-	60,831	60,831
-	385,940	385,940
-	97,197	97,197
-	543,968	543,968
(4,837,481)	543,968	(4,293,513)
1,997,537	-	1,997,537
614,014	-	614,014
3,411,483	-	3,411,483
107	-	107
51,500	-	51,500
96,559	-	96,559
116,417	13,737	130,154
75,967	-	75,967
(1,830,538)	1,830,538	-
4,533,046	1,844,275	6,377,321
(304,435)	2,388,243	2,083,808
(6,858,709)	24,875,041	18,016,332
\$ (7,163,144)	\$ 27,263,284	\$ 20,100,140

See accompanying Notes to Basic Financial Statements.



**VILLAGE OF HOBART, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Tax Incremental District #1
<b>ASSETS</b>				
Cash and Investments	\$ 2,632,616	\$ 423,618	\$ 1,200,440	\$ 3,406,869
Receivables:				
Taxes and Special Charges	2,332,836	361,520	348,992	2,060,784
Delinquent Taxes	13,857	-	-	-
Accounts	63,752	-	9,867	-
Loans	-	-	-	3,656,395
Inventories and Prepaid Items	-	-	-	-
 Total Assets	<b>\$ 5,043,061</b>	<b>\$ 785,138</b>	<b>\$ 1,559,299</b>	<b>\$ 9,124,048</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 70,064	\$ -	\$ 35,131	\$ 324,219
Accrued and Other Current Liabilities	91,617	-	-	69
Special Deposits	9,270	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	170,951	-	35,131	324,288
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	3,086,720	619,370	597,908	3,530,618
Loans Receivable	-	-	-	2,056,395
Delinquent Taxes and Assessments	13,857	-	-	-
Total Deferred Inflows of Resources	3,100,577	619,370	597,908	5,587,013
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	10,442	165,768	-	2,064,991
Assigned	1,300,000	-	926,260	1,147,756
Unassigned	461,091	-	-	-
Total Fund Balances	1,771,533	165,768	926,260	3,212,747
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b>\$ 5,043,061</b>	<b>\$ 785,138</b>	<b>\$ 1,559,299</b>	<b>\$ 9,124,048</b>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2022**

	Tax Incremental District #2	Other Governmental Funds	Total
<b>ASSETS</b>			
Cash and Investments	\$ 2,047,527	\$ 1,202,733	\$ 10,913,803
Receivables:			
Taxes and Special Charges	1,229,401	-	6,333,533
Delinquent Taxes	-	-	13,857
Accounts	-	-	73,619
Loans	-	-	3,656,395
Inventories and Prepaid Items	-	8,074	8,074
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 3,276,928</u>	<u>\$ 1,210,807</u>	<u>\$ 20,999,281</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 263,442	\$ 29,929	\$ 722,785
Accrued and Other Current Liabilities	69	-	91,755
Special Deposits	-	-	9,270
Unearned Revenues	-	609,537	609,537
Total Liabilities	<u>263,511</u>	<u>639,466</u>	<u>1,433,347</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	2,106,260	-	9,940,876
Loans Receivable	-	-	2,056,395
Delinquent Taxes and Assessments	-	-	13,857
Total Deferred Inflows of Resources	<u>2,106,260</u>	<u>-</u>	<u>12,011,128</u>
Fund Balances:			
Nonspendable	-	8,074	8,074
Restricted	907,157	424,968	3,573,326
Assigned	-	138,299	3,512,315
Unassigned	-	-	461,091
Total Fund Balances	<u>907,157</u>	<u>571,341</u>	<u>7,554,806</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,276,928</u>	<u>\$ 1,210,807</u>	<u>\$ 20,999,281</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances as Shown on Previous Page	\$ 7,554,806
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.	21,138,125
Assets held for resale in governmental activities is not a current financial resource and therefore are not reported in the funds.	871,440
Long-term assets are not current financial resources; therefore, are not reported in the funds:	
Net Pension Asset	833,274
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Delinquent Taxes and Special Assessments	13,857
Loan Receivable	2,056,395
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	1,646,569
Deferred Inflows Related to Pensions	(1,963,059)
Deferred Outflows Related to Other Postemployment Benefits	67,832
Deferred Inflows Related to Other Postemployment Benefits	(28,621)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(38,424,948)
Premium on Debt	(554,966)
Net Other Postemployment Benefit Liability	(178,693)
Accrued Interest on Long-Term Obligations	<u>(195,155)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 19)	<u><u>\$ (7,163,144)</u></u>

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	General	Debt Service	Capital Projects	Tax Incremental District #1
<b>REVENUES</b>				
Taxes	\$ 2,009,949	\$ 614,014	\$ 523,659	\$ 1,904,219
Excess Stadium District Sales Tax	-	107	-	-
Special Assessments and Charges	-	-	351,000	-
Intergovernmental	1,164,504	-	-	1,435
Licenses and Permits	174,925	-	-	-
Fines and Forfeits	75,506	-	-	-
Public Charges for Services	573,035	-	-	-
Intergovernmental Charges for Services	-	-	52,505	-
Miscellaneous	56,453	-	-	195,158
Total Revenues	<u>4,054,372</u>	<u>614,121</u>	<u>927,164</u>	<u>2,100,812</u>
<b>EXPENDITURES</b>				
Current:				
General Government	752,421	-	-	76,787
Public Safety	2,328,756	-	-	-
Public Works	833,310	-	-	-
Health and Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	106,872	-	-	35,000
Debt Service:				
Principal	-	470,000	-	1,878,818
Interest and Fiscal Charges	-	144,014	-	612,582
Capital Outlay	-	-	499,313	5,304,398
Total Expenditures	<u>4,021,359</u>	<u>614,014</u>	<u>499,313</u>	<u>7,907,585</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	33,013	107	427,851	(5,806,773)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	-	-	-	6,130,000
Premium on Debt Issued	-	-	-	237,714
Refunding Debt Issued	-	-	-	1,435,000
Debt Service - Principal Refunded	-	-	-	(1,455,000)
Transfers In	102,674	-	-	-
Total Other Financing Sources (Uses)	<u>102,674</u>	<u>-</u>	<u>-</u>	<u>6,347,714</u>
<b>NET CHANGE IN FUND BALANCES</b>	135,687	107	427,851	540,941
Fund Balances - Beginning of Year	<u>1,635,846</u>	<u>165,661</u>	<u>498,409</u>	<u>2,671,806</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,771,533</u>	<u>\$ 165,768</u>	<u>\$ 926,260</u>	<u>\$ 3,212,747</u>

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, 2022**

	Tax Incremental District #2	Other Governmental Funds	Total
<b>REVENUES</b>			
Taxes	\$ 983,605	\$ -	\$ 6,035,446
Excess Stadium District Sales Tax	-	-	107
Special Assessments and Charges	-	-	351,000
Intergovernmental	327	214,495	1,380,761
Licenses and Permits	-	49,180	224,105
Fines and Forfeits	-	-	75,506
Public Charges for Services	-	-	573,035
Intergovernmental Charges for Services	-	-	52,505
Miscellaneous	63,770	165,348	480,729
Total Revenues	<u>1,047,702</u>	<u>429,023</u>	<u>9,173,194</u>
<b>EXPENDITURES</b>			
Current:			
General Government	53,276	71,323	953,807
Public Safety	-	156,509	2,485,265
Public Works	-	-	833,310
Health and Human Services	-	-	-
Culture and Recreation	-	719	719
Conservation and Development	100,000	-	241,872
Debt Service:			
Principal	567,080	-	2,915,898
Interest and Fiscal Charges	182,657	-	939,253
Capital Outlay	367,970	37,263	6,208,944
Total Expenditures	<u>1,270,983</u>	<u>265,814</u>	<u>14,579,068</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(223,281)	163,209	(5,405,874)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	-	-	6,130,000
Premium on Debt Issued	-	-	237,714
Payment to Current Refunding	-	-	1,435,000
Payment to Current Bondholder	-	-	(1,455,000)
Transfers In	-	-	102,674
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6,450,388</u>
<b>NET CHANGE IN FUND BALANCES</b>	(223,281)	163,209	1,044,514
Fund Balances - Beginning of Year	<u>1,130,438</u>	<u>408,132</u>	<u>6,510,292</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 907,157</u>	<u>\$ 571,341</u>	<u>\$ 7,554,806</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, 2022**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances as Shown on Previous Page \$ 1,044,514

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	2,801,026
Depreciation Expense Reported in the Statement of Activities	(804,203)
Net Book Value of Disposals	-

Developers expense related to sale of land held for resale	(216,080)
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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	(636)
Loans Receivable	(66,173)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-Term Debt Issued	(6,130,000)
Premium on Debt Issued	(237,714)
Principal Repaid	2,915,898
Refunding Debt Issued	(1,435,000)
Debt Service - Principal Refunded	1,455,000

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	77,318
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Amortization of Premiums	93,055
Net Pension Asset	222,645
Deferred Outflows of Resources Related to Pensions	623,055
Deferred Inflows of Resources Related to Pensions	(623,168)
Net Other Postemployment Benefits Liability	(22,505)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(4,305)
Deferred Inflows of Resources Related to Other Postemployment Benefits	2,838

Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 20 - 21)	<u>\$ (304,435)</u>
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See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,000,748	\$ 2,001,307	\$ 2,009,949	\$ 8,642
Intergovernmental	1,153,997	1,151,738	1,164,504	12,766
Licenses and Permits	146,350	151,854	174,925	23,071
Fines and Forfeits	90,000	82,530	75,506	(7,024)
Public Charges for Services	598,100	601,234	573,035	(28,199)
Miscellaneous	13,377	30,348	56,453	26,105
Total Revenues	<u>4,002,572</u>	<u>4,019,011</u>	<u>4,054,372</u>	<u>35,361</u>
<b>EXPENDITURES</b>				
Current:				
General Government	853,529	891,142	752,421	138,721
Public Safety	2,309,574	2,302,281	2,328,756	(26,475)
Public Works	833,265	822,734	833,310	(10,576)
Conservation and Development	114,977	111,627	106,872	4,755
Total Expenditures	<u>4,111,345</u>	<u>4,127,784</u>	<u>4,021,359</u>	<u>106,425</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(108,773)	(108,773)	33,013	141,786
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>108,773</u>	<u>108,773</u>	<u>102,674</u>	<u>(6,099)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	135,687	135,687
Fund Balance - Beginning of Year	<u>1,635,846</u>	<u>1,635,846</u>	<u>1,635,846</u>	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,635,846</u>	<u>\$ 1,635,846</u>	<u>\$ 1,771,533</u>	<u>\$ 135,687</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2022**

	Water Utility	Sewer Utility	Storm Water Utility	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 818,494	\$ 341,305	\$ 511,343	\$ 1,671,142
Receivables:				
Customer Accounts	203,579	405,955	221	609,755
Special Assessments	-	-	4,693	4,693
Leases	28,998	-	-	28,998
Total Current Assets	1,051,071	747,260	516,257	2,314,588
Other Assets:				
Special Assessments	118,216	-	-	118,216
Leases	88,357	-	-	88,357
Net Pension Asset	36,822	33,400	30,221	100,443
Total Other Assets	243,395	33,400	30,221	307,016
Capital Assets:				
Nondepreciable	114,692	508,671	20,000	643,363
Depreciable	12,795,857	9,794,242	6,145,513	28,735,612
Total Capital Assets	12,910,549	10,302,913	6,165,513	29,378,975
Total Assets	14,205,015	11,083,573	6,711,991	32,000,579
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Amounts	70,481	64,249	58,469	193,199
Other Postemployment Related Amounts	3,797	3,537	3,092	10,426
Total Deferred Outflows of Resources	74,278	67,786	61,561	203,625
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	63,558	1,520	195,799	260,877
Accrued and Other Current Liabilities	986	1,269	766	3,021
Current Portion of Long-Term Debt	336,047	340,985	-	677,032
Accrued Interest	9,394	44,937	459	54,790
Total Current Liabilities	409,985	388,711	197,024	995,720
Long-Term Obligations, Less Current Portion:				
General Obligation Debt	1,400,182	1,058,507	125,000	2,583,689
Notes Payable	-	975,663	-	975,663
Net Other Postemployment Benefits	10,003	9,318	8,146	27,467
Total Long-Term Liabilities	1,410,185	2,043,488	133,146	3,586,819
Total Liabilities	1,820,170	2,432,199	330,170	4,582,539
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related Amounts	86,746	78,686	71,195	236,627
Other Postemployment Related Amounts	1,602	1,492	1,305	4,399
Leases	117,355	-	-	117,355
Total Deferred Inflows of Resources	205,703	80,178	72,500	358,381
<b>NET POSITION</b>				
Net Investment in Capital Assets	11,174,320	7,927,758	5,866,142	24,968,220
Restricted				
Pension Benefits	36,822	33,400	30,221	100,443
Unrestricted	1,042,278	677,824	474,519	2,194,621
Total Net Position	<u>\$ 12,253,420</u>	<u>\$ 8,638,982</u>	<u>\$ 6,370,882</u>	<u>\$ 27,263,284</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, 2022**

	Water Utility	Sewer Utility	Storm Water Utility	Total
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,071,113	\$ 1,721,019	\$ 488,315	\$ 3,280,447
Other	49,698	37,104	-	86,802
Total Operating Revenues	<u>1,120,811</u>	<u>1,758,123</u>	<u>488,315</u>	<u>3,367,249</u>
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	683,800	971,524	207,511	1,862,835
Depreciation	361,736	318,110	178,067	857,913
Taxes	917	8,719	4,412	14,048
Total Operating Expenses	<u>1,046,453</u>	<u>1,298,353</u>	<u>389,990</u>	<u>2,734,796</u>
<b>OPERATING INCOME</b>	74,358	459,770	98,325	632,453
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	5,675	2,002	6,060	13,737
Interest and Fiscal Charges	<u>(13,527)</u>	<u>(73,830)</u>	<u>(1,128)</u>	<u>(88,485)</u>
Total Nonoperating Revenues (Expenses)	<u>(7,852)</u>	<u>(71,828)</u>	<u>4,932</u>	<u>(74,748)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	66,506	387,942	103,257	557,705
Capital Contributions	633,972	775,232	524,008	1,933,212
Transfers Out	<u>(62,674)</u>	<u>(40,000)</u>	<u>-</u>	<u>(102,674)</u>
<b>CHANGE IN NET POSITION</b>	637,804	1,123,174	627,265	2,388,243
Net Position - Beginning of Year	<u>11,615,616</u>	<u>7,515,808</u>	<u>5,743,617</u>	<u>24,875,041</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 12,253,420</u></u>	<u><u>\$ 8,638,982</u></u>	<u><u>\$ 6,370,882</u></u>	<u><u>\$ 27,263,284</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	Water Utility	Sewer Utility	Storm Water Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 1,114,550	\$ 1,733,071	\$ 487,416	\$ 3,335,037
Cash Paid for Employee Wages and Benefits	(108,334)	(104,352)	(114,792)	(327,478)
Cash Paid to Suppliers	(589,820)	(967,931)	64,233	(1,493,518)
Net Cash Provided by Operating Activities	416,396	660,788	436,857	1,514,041
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfer Out	(62,674)	(40,000)	-	(102,674)
Net Cash Used by Noncapital Financing Activities	(62,674)	(40,000)	-	(102,674)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(47,733)	-	(348,077)	(395,810)
Proceeds of Long-Term Debt	-	895,000	-	895,000
Issuance Costs	-	(14,042)	-	(14,042)
Principal Paid on Long-Term Debt	(345,700)	(1,356,858)	-	(1,702,558)
Interest Paid on Long-Term Debt	(21,167)	(50,477)	(1,375)	(73,019)
Net Cash Used by Capital and Related Financing Activities	(414,600)	(526,377)	(349,452)	(1,290,429)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	5,675	2,002	6,060	13,737
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	(55,203)	96,413	93,465	134,675
Cash and Investments - Beginning of Year	873,697	244,892	417,878	1,536,467
<b>CASH AND INVESTMENTS - END OF YEAR</b>	<u>\$ 818,494</u>	<u>\$ 341,305</u>	<u>\$ 511,343</u>	<u>\$ 1,671,142</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

	Water Utility	Sewer Utility	Storm Water Utility	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 74,358	\$ 459,770	\$ 98,325	\$ 632,453
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	361,736	318,110	178,067	857,913
Depreciation Charged to Sewer Utility	16,563	(16,563)	-	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Net Pension Asset	(2,396)	(3,509)	(4,340)	(10,245)
Deferred Outflows -Pension Related	(13,728)	(14,620)	(15,026)	(43,374)
Deferred Inflows - Pension Related	11,206	13,096	14,404	38,706
Deferred Outflows - OPEB Related	771	766	615	2,152
Net OPEB Liability	113	1	119	233
Deferred Inflows - OPEB Related	(390)	(384)	(312)	(1,086)
Change in Operating Assets and Liabilities:				
Accounts Receivables	(6,261)	(25,052)	(899)	(32,212)
Accounts Payable	(25,657)	(71,369)	165,708	68,682
Accrued and Other Current Liabilities	81	542	196	819
Net Cash Provided by Operating Activities	<u>\$ 416,396</u>	<u>\$ 660,788</u>	<u>\$ 436,857</u>	<u>\$ 1,514,041</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Assets Contributed by Village	\$ 633,972	\$ 775,232	\$ 524,008	\$ 1,933,212

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2022**

	<u>Tax Collection Custodial Fund</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,075,832
Property Taxes Receivable	<u>5,731,693</u>
Total Assets	9,807,525
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes Levied for Subsequent Period	<u>9,807,525</u>
 <b>NET POSITION</b>	
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, 2022**

	<u>Tax Collection Custodial Fund</u>
<b>ADDITIONS</b>	
Property Tax Collections	\$ 9,777,206
<b>DEDUCTIONS</b>	
Payments to Taxing Jurisdictions	<u>9,777,206</u>
<b>CHANGE IN NET POSITION</b>	-
Net Position - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ -</u></u>

*See accompanying Notes to Basic Financial Statements.*

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022**

**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, 2022**

**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, 2022**

**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 \$2,056,395.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 2021 tax roll are recognized as revenue in 2022.) 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. Inventories**

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

Inventories 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. 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.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**9. 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.

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	-

**10. 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.

**11. 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.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**12. Long-Term Obligations**

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

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

**13. Leases**

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

The Village determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the Village's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**13. Leases (Continued)**

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Village recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Village has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Village accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Village treats the components as a single lease unit.

**14. Pensions**

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

**15. 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), and 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, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**16. 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, 2022**

**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.

**F. Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Village adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. As a result of the implementation of this standard, the Village recorded a lease receivable and deferred inflow of resources of \$117,355 in the business-type activities and the water fund.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2022.



**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022 as follows:

Fund	Excess Expenditures
General Fund:	
Public Safety	\$ 26,475
Public Works	10,576
Tax Incremental District # 1	
General Government	23,690
Debt Service	
Principal	513,670
Interest	188,763
Capital Outlay	5,304,398
Tax Incremental District # 2	
General Government	10,794
Debt Service	
Principal	26,055
Capital Outlay	367,970

**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 2022 and 2023 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 2022 budget was 2.56%. 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, 2022**

**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 \$16,660,777 on December 31, 2022 as summarized below:

Deposits with Financial Institutions	\$ 13,012,517
Investments:	
Wisconsin Local Government Investment Pool	1,997,941
Wisconsin Investment Series Cooperative (WISC)	1,503,762
U.S. Treasury Notes	146,557
Total	\$ 16,660,777

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 12,584,945
Fiduciary Fund Statement of Net Position	
Cash and Investments	4,075,832
Total	\$ 16,660,777

**Fair Value Measurements**

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

The Village has the following fair value measurements as of December 31, 2022.

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasury Notes	\$ -	\$ 146,557	\$ -

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.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**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, 2022, \$8,120,068 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$277,685 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name. \$7,842,383 is uncollateralized.

**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.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Credit Risk (Continued)**

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

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>Not Rated</u>
U.S. Treasury Notes	\$ 146,557	\$ 146,557	\$ -	\$ -
Wisconsin Local Government Investment Pool	1,997,941	-	-	1,997,941
WISC:				
Cash Management Series	1,399,696	-	1,399,696	-
Investment Series	104,066	-	104,066	-
Totals	<u>\$ 3,648,260</u>	<u>\$ 146,557</u>	<u>\$ 1,503,762</u>	<u>\$ 1,997,941</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, 2022, the Wisconsin local government investment pool had a weighted average maturity of 23 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:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Wisconsin Local Government Investment Pool	\$ 1,997,941	\$ 1,997,941	\$ -	\$ -	\$ -
WISC:					
Cash Management Series	1,399,696	1,399,696	-	-	-
Investment Series	104,066	104,066	-	-	-
U.S. Treasury Notes	146,557	146,557	-	-	-
Totals	<u>\$ 3,648,260</u>	<u>\$ 3,648,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 \$1,997,941 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, 2022, 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 \$1,503,762 at year-end consisting of \$1,399,696 invested in the Cash Management Series, \$104,066 invested in the Investment Series, and \$146,557 invested in U.S. Treasury Notes. 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, 2022**

**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 \$2,537 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, 2022, the Village received \$26,966 in lease revenue and \$2,644 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>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 28,998	\$ 2,086	\$ 31,084
2024	31,190	1,486	32,676
2025	33,555	841	34,396
2026	23,612	178	23,790
Total	<u>\$ 117,355</u>	<u>\$ 4,591</u>	<u>\$ 121,946</u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Nondepreciable:				
Land	\$ 4,737,926	\$ -	\$ -	\$ 4,737,926
Construction in Progress	13,481	1,002,215	13,481	1,002,215
Total Capital Assets, Nondepreciable	<u>4,751,407</u>	<u>1,002,215</u>	<u>13,481</u>	<u>5,740,141</u>
Capital Assets, Depreciated and Amortized:				
Land Improvements	1,020,010	26,590	-	1,046,600
Buildings and Improvements	1,127,224	-	-	1,127,224
Machinery and Equipment	3,305,267	54,711	-	3,359,978
Infrastructure	14,425,999	1,730,991	-	16,156,990
Subtotals	<u>19,878,500</u>	<u>1,812,292</u>	<u>-</u>	<u>21,690,792</u>
Less Accumulated Depreciation for:				
Land Improvements	146,248	51,505	-	197,753
Buildings and Improvements	823,346	25,932	-	849,278
Machinery and Equipment	1,671,039	244,942	-	1,915,981
Infrastructure	2,847,972	481,824	-	3,329,796
Subtotals	<u>5,488,605</u>	<u>804,203</u>	<u>-</u>	<u>6,292,808</u>
Total Capital Assets, Depreciable, Net	<u>14,389,895</u>	<u>1,008,089</u>	<u>-</u>	<u>15,397,984</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,141,302</u>	<u>\$ 2,010,304</u>	<u>\$ 13,481</u>	21,138,125
Less: Capital Related Debt				17,921,700
Less: Debt Premium				353,326
Less: Accounts Payable				<u>393,514</u>
Net Investment in Capital Assets				<u>\$ 2,469,585</u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Nondepreciable:				
Land	\$ 114,692	\$ -	\$ -	\$ 114,692
Assets Held for Future Use	508,671	-	-	508,671
Construction in Progress	-	20,000	-	20,000
Total Capital Assets, Nondepreciable	<u>623,363</u>	<u>20,000</u>	<u>-</u>	<u>643,363</u>
Capital Assets, Depreciated:				
Buildings and Improvements	32,732,854	1,533,790	1,297	34,265,347
Machinery and Equipment	5,538,416	775,232	-	6,313,648
Subtotals	<u>38,271,270</u>	<u>2,309,022</u>	<u>1,297</u>	<u>40,578,995</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	8,355,816	586,518	1,297	8,941,037
Machinery and Equipment	2,630,951	271,395	-	2,902,346
Subtotals	<u>10,986,767</u>	<u>857,913</u>	<u>1,297</u>	<u>11,843,383</u>
Total Capital Assets, Depreciated, Net	<u>27,284,503</u>	<u>1,451,109</u>	<u>-</u>	<u>28,735,612</u>
Business-Type Activities Capital Assets, Net	<u>\$ 27,907,866</u>	<u>\$ 1,471,109</u>	<u>\$ -</u>	29,378,975
Less: Capital Related Debt				4,178,125
Less: Debt Premium				58,259
Less: Accounts Payable				<u>174,371</u>
Net Investment in Capital Assets				<u>\$ 24,968,220</u>

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

Governmental Activities:	
General Government	\$ 20,966
Public Safety	175,362
Public Works	370,572
Culture and Recreation	3,241
Conservation and Development	234,062
Total Depreciation Expense - Governmental Activities	<u>\$ 804,203</u>



**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

Business-Type Activities:	
Water Utility	\$ 361,736
Sewer Utility	318,110
Storm Water Management	<u>178,067</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 857,913</u></u>

**D. Interfund Transfers**

Interfund transfers for the year ended December 31, 2022 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 102,674	\$ -
Water Utility	-	62,674
Sewer Utility	-	40,000
Total	<u><u>\$ 102,674</u></u>	<u><u>\$ 102,674</u></u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water Utility to General Fund	\$ 62,674
Reimbursement of 2017 Sanitary Sewer Transfer	40,000
Total	<u><u>\$ 102,674</u></u>

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

Tax Equivalent Payment Made by Water Utility to General Fund	\$ (62,674)
Reimbursement of 2017 Sanitary Sewer Transfer	(40,000)
Utility Capital Assets Financed by Tax Incremental Districts	<u>1,933,212</u>
Total Governmental Activities	<u><u>\$ 1,830,538</u></u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Debt:					
Bonds	\$ 15,250,000	\$ -	\$ 2,555,000	\$ 12,695,000	\$ 945,000
Notes	10,805,000	7,565,000	1,070,000	17,300,000	1,110,000
Direct Borrowings	1,276,519	-	66,173	1,210,346	68,489
Total General Obligation Debt	<u>27,331,519</u>	<u>7,565,000</u>	<u>3,691,173</u>	<u>31,205,346</u>	<u>2,123,489</u>
Revenue Bonds	2,515,000	-	105,000	2,410,000	110,000
Land Contract	5,384,327	-	574,725	4,809,602	580,472
Debt Premium	410,307	237,714	93,055	554,966	-
Governmental Activities Long-Term Obligations	<u>\$ 35,641,153</u>	<u>\$ 7,802,714</u>	<u>\$ 4,463,953</u>	<u>\$ 38,979,914</u>	<u>\$ 2,813,961</u>
<b>Business-Type Activities:</b>					
General Obligation Debt:					
Bonds	\$ 1,145,000	\$ -	\$ 1,020,000	\$ 125,000	\$ 110,000
Notes	1,635,000	895,000	310,000	2,220,000	335,000
Direct Borrowings	606,011	-	54,841	551,170	56,047
Total General Obligation Debt	<u>3,386,011</u>	<u>895,000</u>	<u>1,384,841</u>	<u>2,896,170</u>	<u>501,047</u>
Debt Premium	69,684	18,525	29,950	58,259	-
Notes Payable from Direct Borrowing - GBMSD	1,588,247	-	306,292	1,281,955	175,985
Business-Type Activities Long-Term Obligations	<u>\$ 5,043,942</u>	<u>\$ 913,525</u>	<u>\$ 1,721,083</u>	<u>\$ 4,236,384</u>	<u>\$ 677,032</u>

Total interest paid during the year on long-term debt totaled \$900,532.

**State Trust Fund Loan**

The Village's outstanding notes from direct borrowings related to the governmental activities of \$1,210,346 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.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Clean Water Fund Loan Programs**

The Village's outstanding notes from direct borrowings related to business-type activities of \$551,170 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.

**General Obligation Debt**

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
Bonds:					
General Obligation Taxable Refunding Bonds	04/15/13	03/01/29	2.40 - 3.70%	\$ 6,450,000	\$ 3,905,000
General Obligation Refunding Bonds	01/28/14	03/01/29	2.70 - 3.80%	3,780,000	2,720,000
General Obligation Refunding Bonds	06/15/15	03/01/29	2.30 - 3.25%	1,090,000	870,000
General Obligation Refunding Bonds	06/15/15	03/01/32	3.00 - 4.20%	2,540,000	1,100,000
General Obligation Refunding Bonds	08/08/16	03/01/32	2.15 - 2.80%	1,790,000	1,260,000
General Obligation Corporate Purpose Bonds	07/14/20	03/01/35	1.00 - 2.00%	2,965,000	2,965,000
Notes:					
General Obligation Notes	08/01/17	03/01/27	2.00 - 2.25%	4,065,000	3,145,000
Taxable General Obligation Notes	08/28/18	05/01/28	3.00 - 3.40%	1,015,000	710,000
General Obligation Notes	07/14/20	09/01/29	1.25 - 1.45%	1,190,000	1,045,000
General Obligation Notes	05/11/21	03/01/31	1.05 - 2.00%	4,425,000	4,090,000
Taxable General Obligation Notes	05/11/21	03/01/31	0.15 - 1.75%	2,340,000	2,070,000
General Obligation Promissory Note	04/27/22	09/01/32	2.75 - 3.00%	7,565,000	7,565,000
General Obligation Note with Refunding	04/27/22	09/01/32	2.75 - 3.00%	895,000	895,000
Direct Borrowings:					
Clean Water Fund Bonds	07/27/11	05/01/31	2.20%	1,123,268	551,170
State Trust Fund Bonds	10/26/16	03/15/36	3.50%	1,500,000	1,210,346
Total Outstanding General Obligation Debt					<u>\$ 34,101,516</u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$34,101,516 on December 31, 2022 are detailed below:

Year Ended December 31,	Governmental Activities					
	Bonds and Notes		Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,055,000	\$ 511,238	\$ 68,489	\$ 42,362	\$ 2,123,489	\$ 553,600
2024	2,345,000	464,147	70,777	40,074	2,415,777	504,221
2025	2,745,000	408,950	73,363	37,488	2,818,363	446,438
2026	2,795,000	346,710	75,931	34,920	2,870,931	381,630
2027	3,000,000	278,018	78,589	32,262	3,078,589	310,280
2028-2032	15,555,000	531,073	436,039	118,217	15,991,039	649,290
2033-2036	1,500,000	45,000	407,158	36,249	1,907,158	81,249
Total	<u>\$ 29,995,000</u>	<u>\$ 2,585,136</u>	<u>\$ 1,210,346</u>	<u>\$ 341,572</u>	<u>\$ 31,205,346</u>	<u>\$ 2,926,708</u>

Year Ended December 31,	Business-Type Activities					
	Bonds and Notes		Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 445,000	\$ 57,311	\$ 56,047	\$ 11,509	\$ 501,047	\$ 68,820
2024	460,000	38,801	57,280	10,263	517,280	49,064
2025	454,220	28,761	58,540	8,989	512,760	37,750
2026	459,220	18,712	59,828	7,687	519,048	26,399
2027	139,220	11,776	61,145	6,356	200,365	18,132
2028-2032	324,163	16,560	258,330	11,521	582,493	28,081
2033-2035	63,177	1,899	-	-	63,177	1,899
Total	<u>\$ 2,345,000</u>	<u>\$ 173,820</u>	<u>\$ 551,170</u>	<u>\$ 56,325</u>	<u>\$ 2,896,170</u>	<u>\$ 230,145</u>

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

**Legal Margin for New Debt**

The Village's legal margin for creation of additional general obligation debt on December 31, 2022 was \$30,591,639 as follows:

Equalized Valuation of the Village	\$ 1,293,863,100
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	64,693,155
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>34,101,516</u>
Legal Margin for New Debt	<u>\$ 30,591,639</u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Current Refunding**

During 2022, the Village issued \$8,460,000 of general obligation notes. These notes included \$6,130,000 to finance economic development projects and \$2,330,000 to refund outstanding debt. The current refundings were undertaken to obtain more favorable interest rates and reduce the total debt service interest payments. The general obligation notes result in a savings over the next seven years of \$61,004. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is \$58,382.

**Notes Payable – Green Bay Metropolitan Sewerage District (GBMSD)**

Annual principal and interest maturities of the outstanding notes payable to GBMSD of \$1,281,955 on December 31, 2022 are detailed below:

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 175,985	\$ 41,707	\$ 217,692
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
2028-2032	207,154	77,837	284,991
2033-2037	236,672	54,081	290,753
2038-2041	213,398	8,834	222,232
Total	<u>\$ 1,281,955</u>	<u>\$ 283,093</u>	<u>\$ 1,565,048</u>

**Land Contract**

Land contract outstanding on December 31, 2022 totaled \$4,809,602 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 12/31/22</u>
Land Contract	09/23/20	09/23/30	1.00%	\$ 5,818,310	\$ 4,809,602

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

Annual principal and interest maturities of the outstanding land contract of \$4,809,602 on December 31, 2022 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 580,472	\$ 48,096	\$ 628,568
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
2028-2030	1,848,610	37,094	1,885,704
Total	<u>\$ 4,809,602</u>	<u>\$ 218,942</u>	<u>\$ 5,028,544</u>

**Revenue Bonds**

Revenue bonds outstanding on December 31, 2022 totaled \$2,410,000 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 12/31/22</u>
Revenue Bond	08/07/18	05/01/38	3.25 - 3.50%	\$ 2,715,000	\$ 2,410,000

Annual principal and interest maturities of the outstanding revenue bonds of \$2,410,000 on December 31, 2022 are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 110,000	\$ 78,550	\$ 188,550
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
2028-2032	725,000	246,755	971,755
2033-2037	885,000	113,404	998,404
2038	200,000	3,500	203,500
Total	<u>\$ 2,410,000</u>	<u>\$ 718,222</u>	<u>\$ 3,128,222</u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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:

	<u>Water Utility</u>
Net Customer Revenues:	
Charges for Services	\$ 1,071,113
Other	<u>52,342</u>
Total Operating Revenues	1,123,455
Less: Operating Expenses, Less Depreciation	<u>684,717</u>
Net Customer Revenues	438,738
 Tax Increments	 <u>187,044</u>
Total Pledged Revenues	 <u><u>\$ 625,782</u></u>
 Debt Service:	
Principal	\$ 105,000
Interest	<u>82,044</u>
Total Debt Service	<u><u>\$ 187,044</u></u>
 Remaining Principal and Interest	 <u><u>\$ 3,128,222</u></u>

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  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. 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.



**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

The WRS also provides death and disability benefits for employees.

**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>
2012	(7.0)	(7)
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

**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, 2022, the WRS recognized \$152,701 in contributions from the Village.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. 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)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

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

At December 31, 2022, the Village reported an asset of \$933,717 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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 asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.01158432%, which was an increase of 0.00035875% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension revenue of \$81,425.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

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

At December 31, 2022, 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	\$ 1,508,372	\$ 108,770
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	2,088,802
Changes in Assumptions	174,198	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,497	2,114
Employer Contributions Subsequent to the Measurement Date	152,701	-
Total	<u>\$ 1,839,768</u>	<u>\$ 2,199,686</u>

\$152,701 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 asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2023	\$ (43,310)
2024	(251,737)
2025	(110,610)
2026	(106,962)
Total	<u>\$ (512,619)</u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plan (Continued)**

**5. Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
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. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate of return, postretirement adjustment, price inflation, mortality, and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. 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>			
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0%	4.3%	1.8%
Inflation Sensitive Assets	19.0%	2.7%	0.2%
Real Estate	7.0%	5.6%	3.0%
Private Equity/Debt	12.0%	9.7%	7.0%
Cash	-15.0%	0.9%	N/A
Total Core Fund	<u>100%</u>	<u>7.5%</u>	<u>4.0%</u>
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	6.3%	3.7%
International Equities	30%	7.2%	4.6%
Total Variable Fund	<u>100%</u>	<u>6.8%</u>	<u>4.2%</u>

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, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. 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, as opposed to a discount rate of 7.00% for the 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 1.84% (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, 2020. 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)	\$ 662,538	\$ (933,717)	\$ (2,082,725)

**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**

At December 31, 2022, the Village reported a payable of \$32,633 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. 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 contributes an amount equal to the current year Wisconsin Retirement System rates currently at 16.4% of eligible wages to the plan. Total contributions made by the Village were \$18,598 for the year ended December 31, 2022.

**H. 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  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Other Postemployment Benefits (Continued)**

**Local Retiree Life Insurance Fund (Continued)**

***Contributions (Continued)***

Contribution rates as of December 31, 2022 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, 2021 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2021		
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, 2022, the LRLIF recognized \$825 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, 2022, the Village reported a liability of \$206,160 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. 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, 2021, the Village's proportion was 0.03488100%, which was an increase of 0.00153600% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized OPEB expense of \$25,984.



**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. 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, 2022, 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	\$ -	\$ 10,487
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,682	-
Changes in Assumptions	62,288	9,993
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	13,288	12,540
Total	\$ 78,258	\$ 33,020

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

Year Ended December 31,	Expense
2023	\$ 10,464
2024	10,153
2025	8,456
2026	9,493
2027	5,813
Thereafter	859
Total	\$ 45,238

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. 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, 2021 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, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
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:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

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. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from the prior year, including the price inflation, mortality, and separation rates. The total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 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  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. 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	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S Long Credit	5%	1.82%
U.S. Mortgages	Bloomberg MBS	50%	1.94%
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 increase from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

**Single discount rate.** A single discount rate of 2.17% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. 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 2.17%, 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 (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
Village's Proportionate Share of the Net OPEB Liability	\$ 279,684	\$ 206,160	\$ 150,835

**Payable to the OPEB Plan**

At December 31, 2022, the Village reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended December 31, 2022.

**I. 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, 2022, nonspendable fund balance was as follows:

K-9 Fund:	
Nonspendable:	
Inventories and Prepaid Items	\$ 8,074

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. 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, 2022, restricted fund balance was as follows:

General Fund:		
Restricted for Geographic Information System (GIS)	\$	10,442
Debt Service Fund:		
Restricted for Debt Retirement		165,768
Fire Department Donations Fund:		
Restricted for Fire Department		36,118
Police Department Fund:		
Restricted for Police Department		12,333
Parks and Recreation Fund:		
Restricted for Park Development		376,517
Tax Incremental Financial District No. 1:		
Restricted for Project Plan Development		2,064,991
Tax Incremental Financial District No. 2:		
Restricted for Project Plan Development		<u>907,157</u>
Total Restricted Fund Balance	<u>\$</u>	<u><u>3,573,326</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, 2022, fund balance was assigned as follows:

General Fund:		
Assigned for Fire Station Project	\$	1,300,000
Capital Projects Funds:		
Assigned for Subsequent Year's Expenditures:		
Capital Improvements	\$	926,260
Tax Incremental District No. 1:		
Project Plan Development		<u>1,147,756</u>
Subtotal		<u>2,074,016</u>
Special Revenue Fund		
Assigned for Subsequent Year's Expenditures:		
K-9 Program		<u>138,299</u>
Total	<u>\$</u>	<u><u>3,512,315</u></u>

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022, the Village can recover \$30,649,047 from future excess tax increment revenues of the following:

	Recoverable Costs
TID #1	\$ 24,329,042
TID #2	6,320,005

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, 2022**

**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, 2022, the Village abated property taxes totaling \$1,824,185 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A property tax abatement of \$276,332 to a developer for 15.15% within Tax Incremental District #1.
- A property tax abatement of \$207,115 to a developer for 11.35% within Tax Incremental District #1.
- A property tax abatement of \$338,360 to a developer for 18.55% 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 Event**

On February 22, 2023, the Village approved the sale of approximately \$8,400,000 general obligation bonds for the purpose of capital improvements and a new fire station.

**REQUIRED SUPPLEMENTARY INFORMATION**



**VILLAGE OF HOBART, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

**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%

**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%

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  
LAST 10 FISCAL YEARS**

**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%

**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%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF HOBART, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**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, 2022**

**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, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>Taxes:</b>				
General Property	\$ 1,998,173	\$ 1,998,424	\$ 1,998,173	\$ (251)
Managed Forest Crop Tax	75	75	75	-
Use Value Penalty	1,000	534	9,201	8,667
Interest and Taxes	1,500	2,274	2,500	226
Total Taxes	<u>2,000,748</u>	<u>2,001,307</u>	<u>2,009,949</u>	<u>8,642</u>
<b>Intergovernmental:</b>				
Federal:				
Police	-	10,170	17,646	7,476
State:				
State Shared Taxes	93,067	93,066	93,067	1
Fire Insurance Dues	45,000	47,914	47,914	-
Tax-Exempt Computer Aid	1,730	1,730	1,730	-
Transportation	405,261	405,261	404,139	(1,122)
Recycling	18,633	18,603	18,603	-
Local:				
Reimbursements from the Town of Lawrence	<u>590,306</u>	<u>574,994</u>	<u>581,405</u>	<u>6,411</u>
Total Intergovernmental	<u>1,153,997</u>	<u>1,151,738</u>	<u>1,164,504</u>	<u>12,766</u>
<b>Licenses and Permits:</b>				
Licenses:				
Liquor and Malt Beverage	3,100	13,260	13,260	-
Operators License	9,000	6,229	6,681	452
Cigarette License	250	100	200	100
Cable Television Fees	47,000	37,150	39,724	2,574
Dog	3,500	4,475	4,346	(129)
Permits:				
Quarry	6,000	3,000	6,985	3,985
Building	75,000	83,740	99,154	15,414
Park Fee/Building	-	-	-	-
Site Review	500	600	600	-
Zoning	2,000	3,300	3,975	675
Total Licenses and Permits	<u>146,350</u>	<u>151,854</u>	<u>174,925</u>	<u>23,071</u>

**VILLAGE OF HOBART, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Fines and Forfeits:</b>				
Court Fines and Penalties	\$ 90,000	\$ 82,000	\$ 74,976	\$ (7,024)
Dog License Late Fee	-	530	530	-
Total Fines and Forfeits	<u>90,000</u>	<u>82,530</u>	<u>75,506</u>	<u>(7,024)</u>
<b>Public Charges for Services:</b>				
General Government	4,000	7,000	9,031	2,031
Garbage Collection	419,210	419,210	419,210	-
Police Liaison Fees	81,235	81,799	81,179	(620)
Street Lighting	64,155	63,615	63,615	-
Fire Calls	500	-	-	-
Land and Tower Rent Fees	29,000	29,610	-	(29,610)
Total Public Charges for Services	<u>598,100</u>	<u>601,234</u>	<u>573,035</u>	<u>(28,199)</u>
<b>Miscellaneous:</b>				
Reimbursements	-	13,000	11,616	(1,384)
Interest	10,000	14,000	41,489	27,489
Other General Government	3,377	3,348	3,348	-
Total Miscellaneous	<u>13,377</u>	<u>30,348</u>	<u>56,453</u>	<u>26,105</u>
 Total Revenues	 <u>\$ 4,002,572</u>	 <u>\$ 4,019,011</u>	 <u>\$ 4,054,372</u>	 <u>\$ 35,361</u>

**VILLAGE OF HOBART, WISCONSIN  
GENERAL FUND  
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES  
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>General Government:</b>				
Village Board	\$ 50,943	\$ 51,192	\$ 54,827	\$ (3,635)
Municipal Court	92,786	82,540	82,085	455
Legal	135,000	120,000	76,237	43,763
Village Administration	56,176	55,354	53,525	1,829
Village Clerk	140,769	143,819	121,916	21,903
Economic Development	36,500	45,564	41,970	3,594
Tribal Affairs	12,000	12,000	13,000	(1,000)
Elections	14,450	19,300	21,545	(2,245)
Audit and Other Accounting	7,000	7,000	-	7,000
Treasurer	62,704	44,267	48,089	(3,822)
Property Assessment	35,000	37,500	38,421	(921)
Buildings and Grounds	43,470	63,343	70,091	(6,748)
General Office	54,146	53,000	58,087	(5,087)
Insurance and Bonds	24,585	26,985	24,336	2,649
General Contingency	88,000	129,278	48,292	80,986
Total General Government	<u>853,529</u>	<u>891,142</u>	<u>752,421</u>	<u>138,721</u>
<b>Public Safety:</b>				
Police Department	1,759,369	1,724,843	1,743,706	(18,863)
Animal Control	2,000	1,500	2,090	(590)
Fire Protection	421,534	449,267	456,289	(7,022)
Rescue Service	126,671	126,671	126,671	-
Total Public Safety	<u>2,309,574</u>	<u>2,302,281</u>	<u>2,328,756</u>	<u>(26,475)</u>
<b>Public Works:</b>				
Highway Administration	122,931	109,360	120,418	(11,058)
Highway Maintenance and Construction	342,334	346,374	317,058	29,316
Street Lighting	78,000	87,000	92,856	(5,856)
Garbage Collection	290,000	280,000	302,978	(22,978)
Total Public Works	<u>833,265</u>	<u>822,734</u>	<u>833,310</u>	<u>(10,576)</u>
<b>Conservation and Development:</b>				
Parks	7,000	2,500	4,149	(1,649)
Neighborhood Services	106,477	107,627	101,023	6,604
Planning/Zoning	1,500	1,500	1,700	(200)
Total Conservation and Development	<u>114,977</u>	<u>111,627</u>	<u>106,872</u>	<u>4,755</u>
Total Expenditures	<u>\$ 4,111,345</u>	<u>\$ 4,127,784</u>	<u>\$ 4,021,359</u>	<u>\$ 106,425</u>



**VILLAGE OF HOBART, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	K-9 Fund	ARPA	Fire Department Donations	Police Department Donations	Parks and Recreation	Total
<b>ASSETS</b>						
Cash and Investments	\$ 138,299	\$ 634,193	\$ 36,118	\$ 17,431	\$ 376,692	\$ 1,202,733
Inventories and Prepaid Items	8,074	-	-	-	-	8,074
<b>Total Assets</b>	<u>\$ 146,373</u>	<u>\$ 634,193</u>	<u>\$ 36,118</u>	<u>\$ 17,431</u>	<u>\$ 376,692</u>	<u>\$ 1,210,807</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ -	\$ 24,656	\$ -	\$ 5,098	\$ 175	\$ 29,929
Unearned Revenues	-	609,537	-	-	-	609,537
<b>Total Liabilities</b>	-	634,193	-	5,098	175	639,466
Fund Balances:						
Nonspendable	8,074	-	-	-	-	8,074
Restricted	-	-	36,118	12,333	376,517	424,968
Assigned	138,299	-	-	-	-	138,299
<b>Total Fund Balances</b>	<u>146,373</u>	<u>-</u>	<u>36,118</u>	<u>12,333</u>	<u>376,517</u>	<u>571,341</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 146,373</u>	<u>\$ 634,193</u>	<u>\$ 36,118</u>	<u>\$ 17,431</u>	<u>\$ 376,692</u>	<u>\$ 1,210,807</u>

**VILLAGE OF HOBART, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	<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>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 214,495	\$ -	\$ -	\$ -	\$ 214,495
Licenses and Permits	-	-	-	-	49,180	49,180
Miscellaneous	<u>85,749</u>	<u>13,445</u>	<u>36,118</u>	<u>30,036</u>	<u>-</u>	<u>165,348</u>
Total Revenues	<u>85,749</u>	<u>227,940</u>	<u>36,118</u>	<u>30,036</u>	<u>49,180</u>	<u>429,023</u>
<b>EXPENDITURES</b>						
Current:						
General Government	-	71,323	-	-	-	71,323
Public Safety	19,452	119,354	-	17,703	-	156,509
Culture and Recreation	-	-	-	-	719	719
Capital Outlay	<u>-</u>	<u>37,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,263</u>
Total Expenditures	<u>19,452</u>	<u>227,940</u>	<u>-</u>	<u>17,703</u>	<u>719</u>	<u>265,814</u>
<b>NET CHANGE IN FUND BALANCES</b>	66,297	-	36,118	12,333	48,461	163,209
Fund Balances - Beginning of Year	<u>80,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,056</u>	<u>408,132</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 146,373</u>	<u>\$ -</u>	<u>\$ 36,118</u>	<u>\$ 12,333</u>	<u>\$ 376,517</u>	<u>\$ 571,341</u>

**VILLAGE OF HOBART, WISCONSIN  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 614,014	\$ 613,763	\$ 614,014	\$ 251
Excess Stadium District Sales Tax	-	251	107	(144)
Total Revenues	<u>614,014</u>	<u>614,014</u>	<u>614,121</u>	<u>107</u>
<b>EXPENDITURES</b>				
Current:				
Debt Service:				
Principal	470,000	470,000	470,000	-
Interest and Fiscal Charges	144,014	144,014	144,014	-
Total Expenditures	<u>614,014</u>	<u>614,014</u>	<u>614,014</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	107	107
Fund Balance - Beginning of Year	<u>165,661</u>	<u>165,661</u>	<u>165,661</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u><u>\$ 165,661</u></u>	<u><u>\$ 165,661</u></u>	<u><u>\$ 165,768</u></u>	<u><u>\$ 107</u></u>

**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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,076,604	\$ 3,076,604	\$ 1,904,219	\$ (1,172,385)
Intergovernmental	1,435	1,435	1,435	-
Miscellaneous	138,851	138,851	195,158	56,307
Total Revenues	<u>3,216,890</u>	<u>3,216,890</u>	<u>2,100,812</u>	<u>(1,116,078)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	53,097	53,097	76,787	(23,690)
Conservation and Development	1,800,963	1,800,963	35,000	1,765,963
Debt Service:				
Principal	1,180,148	1,180,148	1,878,818	(698,670)
Interest and Fiscal Charges	423,819	423,819	612,582	(188,763)
Capital Outlay	-	-	5,304,398	(5,304,398)
Total Expenditures	<u>3,458,027</u>	<u>3,458,027</u>	<u>7,907,585</u>	<u>(4,449,558)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(241,137)	(241,137)	(5,806,773)	(5,565,636)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	-	-	6,130,000	6,130,000
Premium on Debt Issued	-	-	237,714	237,714
Refunding Debt Issued	-	-	1,435,000	1,435,000
Debt Service - Principal Refunded	-	-	(1,455,000)	(1,455,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6,347,714</u>	<u>6,347,714</u>
<b>NET CHANGE IN FUND BALANCE</b>	(241,137)	(241,137)	540,941	782,078
Fund Balance - Beginning of Year	<u>2,671,806</u>	<u>2,671,806</u>	<u>2,671,806</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,430,669</u>	<u>\$ 2,430,669</u>	<u>\$ 3,212,747</u>	<u>\$ 782,078</u>

**VILLAGE OF HOBART, WISCONSIN  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 523,659	\$ 523,659	\$ 523,659	\$ -
Special Assessments	-	-	351,000	351,000
Intergovernmental Charges for Services	66,869	52,973	52,505	(468)
Total Revenues	<u>590,528</u>	<u>576,632</u>	<u>927,164</u>	<u>350,532</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>837,376</u>	<u>809,584</u>	<u>499,313</u>	<u>310,271</u>
Total Expenditures	<u>837,376</u>	<u>809,584</u>	<u>499,313</u>	<u>310,271</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(246,848)	(232,952)	427,851	660,803
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	<u>246,848</u>	<u>232,952</u>	-	<u>(232,952)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	427,851	427,851
Fund Balance - Beginning of Year	<u>498,409</u>	<u>498,409</u>	<u>498,409</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 498,409</u>	<u>\$ 498,409</u>	<u>\$ 926,260</u>	<u>\$ 427,851</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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,635,405	\$ 1,635,405	\$ 983,605	\$ (651,800)
Intergovernmental	327	327	327	-
Miscellaneous	1,000	1,000	63,770	62,770
Total Revenues	1,636,732	1,636,732	1,047,702	(589,030)
<b>EXPENDITURES</b>				
Current:				
General Government	42,482	42,482	53,276	(10,794)
Conservation and Development	651,800	651,800	100,000	551,800
Debt Service:				
Principal	541,025	541,025	567,080	(26,055)
Interest and Fiscal Charges	183,191	183,191	182,657	534
Capital Outlay	-	-	367,970	(367,970)
Total Expenditures	1,418,498	1,418,498	1,270,983	147,515
<b>NET CHANGE IN FUND BALANCE</b>	218,234	218,234	(223,281)	(441,515)
Fund Balance - Beginning of Year	1,130,438	1,130,438	1,130,438	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,348,672</b>	<b>\$ 1,348,672</b>	<b>\$ 907,157</b>	<b>\$ (441,515)</b>

**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, 2022, 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 March 30, 2023.

***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 responses, 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 2022-001 and 2022-002 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 2022-003 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 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  
March 30, 2023

**VILLAGE OF HOBART, WISCONSIN  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2022**

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***Internal Control Over Financial Reporting***

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<b>Finding No.</b>	<b>Control Deficiencies</b>
<b>2022-001</b>	<b>Segregation of Duties</b> Repeat finding of 2021-001 Material Weakness in Internal Control over Financial Reporting
Condition	The Village has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Village's operations. Accordingly, this does not allow for 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.
Views of Responsible Officials and Planned Corrective Actions	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, 2022**

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***Internal Control Over Financial Reporting (Continued)***

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<b>Finding No.</b>	<b>Control Deficiencies</b>
<b>2022-002</b>	<b>Adjustments to the Village's Financial Records</b> Repeat finding of 2021-002 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.
Views of Responsible Officials and Planned Corrective Actions	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, 2022**

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***Internal Control Over Financial Reporting (Continued)***

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<b>2022-003</b>	<b>Control Deficiencies</b>
	<b>Preparation of Annual Financial Report</b>
	Significant Deficiency in Internal Control over Financial Reporting
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.
Views of Responsible Officials and Planned Corrective Actions	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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