

VILLAGE OF HOBART, WISCONSIN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

2012

Prepared by Village Staff

Andrew J. Vickers, M.P.A.

Village Administrator

Mary Smith, CMC, WCMC

Clerk Treasurer

VILLAGE OF HOBART, WISCONSIN

December 31, 2012

Table of Contents

	<u>Page No.</u>
INTRODUCTORY SECTION	
Title Page	1
Table of Contents	2 - 3
Letter of Transmittal	4 - 7
Organizational Chart	8
Elected and Appointed Officials	9 - 10
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	11 - 12
MANAGEMENT'S DISCUSSION AND ANALYSIS	13 - 19
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	20
Statement of Activities	21 - 22
Fund Financial Statements	
Balance Sheet - Governmental Funds	23 - 24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25 - 26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	27
Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Notes to Basic Financial Statements	31 - 46
SUPPLEMENTARY INFORMATION	
General Fund	
Detailed Comparison of Budgeted and Actual Revenues	47 - 48
Detailed Comparison of Budgeted and Actual Expenditures	49
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	50
Tax Incremental District #1 Capital Projects Fund	51
Capital Projects Fund	52
Tax Incremental District #2 Capital Projects Fund	53
STATISTICAL SECTION	
Net Position by Component - Last Nine Fiscal Years	54
Changes in Net Position - Last Nine Fiscal Years	55 - 57
Fund Balances of Governmental Funds - Last Ten Fiscal Years	58
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	59
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	60
Direct and Overlapping Governments - Last Ten Fiscal Years	61
Principal Property Taxpayers - Current Year and 9 Years Prior	62
Property Tax Levies and Collections - Last Ten Fiscal Years	63

VILLAGE OF HOBART, WISCONSIN

December 31, 2012

Table of Contents

Page No.

STATISTICAL SECTION (CONTINUED)

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	64
Ratios of Net General Obligation Debt Outstanding - Last Ten Fiscal Years	65
Debt Service Requirements to Maturity -	
General Obligation Notes - Scheduled to be Repaid from Governmental Activities	66
General Obligation Notes - Scheduled to be Repaid from Tax Increment District Revenues	67
TIF Note Anticipation Notes - Scheduled to be Repaid from Tax Increment District Revenues	68
Water Utility General Obligation Notes	69
Sewer Utility General Obligation Notes	70
Green Bay Metropolitan Sewerage District Notes	71
Direct and Overlapping Governmental Activities Debt	72
Legal Debt Margin Information - Last Ten Fiscal Years	73
Demographic and Economic Statistics - Last Ten Fiscal Years	74
Principal Employers - Current Year and Nine Years Ago	75
Full-time Equivalent Village of Hobart Employees by Function - Last Ten Fiscal Years	76
Operating Indicators by Function - Last Three and Four Fiscal Years	77 - 82
Capital Asset Statistics by Function - Last Four Fiscal Years	83

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	84 - 85
Schedule of Findings and Responses	86



May 1, 2013

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

The comprehensive annual financial report for the Village of Hobart, Wisconsin for the fiscal year ended December 31, 2012, is hereby submitted. This report consists of management's representations concerning the finances of the Village of Hobart. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Hobart has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Hobart's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Village of Hobart's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Hobart's financial statements have been audited by Schenck SC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Hobart for the fiscal year ended December 31, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village of Hobart's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Village of Hobart is located in northeast Wisconsin in Brown County, approximately 120 miles northwest of the City of Milwaukee, adjacent to the western border of the City of Green Bay and 20 miles northeast of the City of Appleton. The Village encompasses approximately 33 square miles. Hobart is founded on ancestral lands of the Menominee Indian Tribe, and within the former reservation boundaries of the Oneida Tribe of Indians of Wisconsin. The Town of Hobart was incorporated as the Village of Hobart on May 13, 2002. With a 2012 Wisconsin Department of Administration population estimate of 6,501, the population of Hobart has increased 5.2% since the 2010 Federal Census report of 6,182 and 27.7% since the 2000 Federal Census report of 5,090. The population and square mile statistics combine to produce a population density of 197 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 properties 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 director officials, 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

The Village provides a full range of municipal services contemplated by statute or character, including public safety, streets, sanitation, parks/-recreation/-culture, public improvements, planning and zoning, water, sewer and storm water systems, and general administrative services. Public safety is provided with two fire stations and 25 volunteer firefighters, and a police department with 5.375 FTE sworn officers. The Public Works Division 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 19.63. The Pulaski Community School District and West DePere School District serve the Village and provides a comprehensive program for students in kindergarten through the twelfth grade. Higher education is provided by the University of Wisconsin-Green Bay and Northeast Wisconsin Technical College, both located in Green Bay, and St. Norbert College located in DePere, Wisconsin.

The annual operating budget serves as the foundation for the Village of Hobart's financial planning and control. The operating budget includes proposed expenditures and the means of financing them and is legally enacted by Village Board action no

later than November 30 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, and capital projects fund have legally adopted budgets. For the general fund, the budget-to-actual comparison is presented as part of the basic financial statements for the governmental funds.

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 is developing a Five-Year Capital Improvement Plan (CIP). The plan will contain capital and infrastructure costs of \$5,000 or more based on the Village's capitalization policy. The CIP will detail annual funding sources, expenditures, and narrative descriptions for the capital improvements. The CIP will be updated on an annual basis and be used as a planning document during the annual budget process.

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; Capitalization Threshold; Credit Card Utilization; Purchasing and Disbursement.

Economic Information/Outlook. The Village of Hobart is a growing community with an estimated 2012 population of 6,501 and a 2012 equalized valuation of \$641,048,400. The equalized valuation has grown by 4.15% since 2010 and 92.13% since 2000. Between 2011 and 2012, the Village gained 1.98% in the full value of its real and personal property, with the largest actual dollar increases in residential and commercial properties.

The Village of Hobart has continued a pattern of economic growth in 2012. 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 2012, the Village's top employer is EMT International a web processing designer and manufacturer with 250 employees. A real estate and commercial construction company, Bayland Buildings – BayCo Properties, is the Village's second largest employer at 145 employees. Golf course and country club Thornberry Creek has a staff of 105 and metal fabricator High View Custom Fab-HCR Inv. has a workforce of 63 employees.

For the second straight year, the Village of Hobart has ranked in the top 5 for new housing starts among all cities, villages and towns in the state of Wisconsin. In 2012, Hobart experienced 102 new single family housing starts, ranking second in the state behind only the city of Madison. 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 over \$60,000,000 in incremental value. TID 1 will eclipse \$50,000,000 in incremental value upon updating assessments as of January 1, 2013. The Village projects that by the end of 2014, TID 1 will have over 500 new residential dwelling units comprised of both single family and multi-family dwellings.

Despite the Village's focused economic development strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. High-end residential building, with homes valued at \$500,000- \$1,800,000, continues in the Thornberry Creek and Stone Gables subdivisions. Current Village housing trends are expected to be maintained for the next 2-3 years as existing lot inventory remains high.

The Wisconsin Department of Transportation has funded and will be constructing major highway improvements over the next two years to STH 29, the northern boundary of the Village and its TID 1. The highway improvements will be a catalyst for commercial growth in northern Hobart over the next several years, by improving highway access and safety to the Village's commercial opportunities.

The unemployment rate for the Village of Hobart in December 2012 was 5.9 percent up from 5.6 percent in November, and below the 6.8 percent rate for December 2011. The state's December unemployment rate was 6.5 percent, with a U.S. unemployment rate of 7.8 percent.

The Village continues to update the Village's homepage and website, (www.hobart-wi.org), including the compilation and coordination of website information for all Village departments and services.

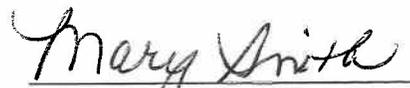
Acknowledgements

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

Respectfully submitted,

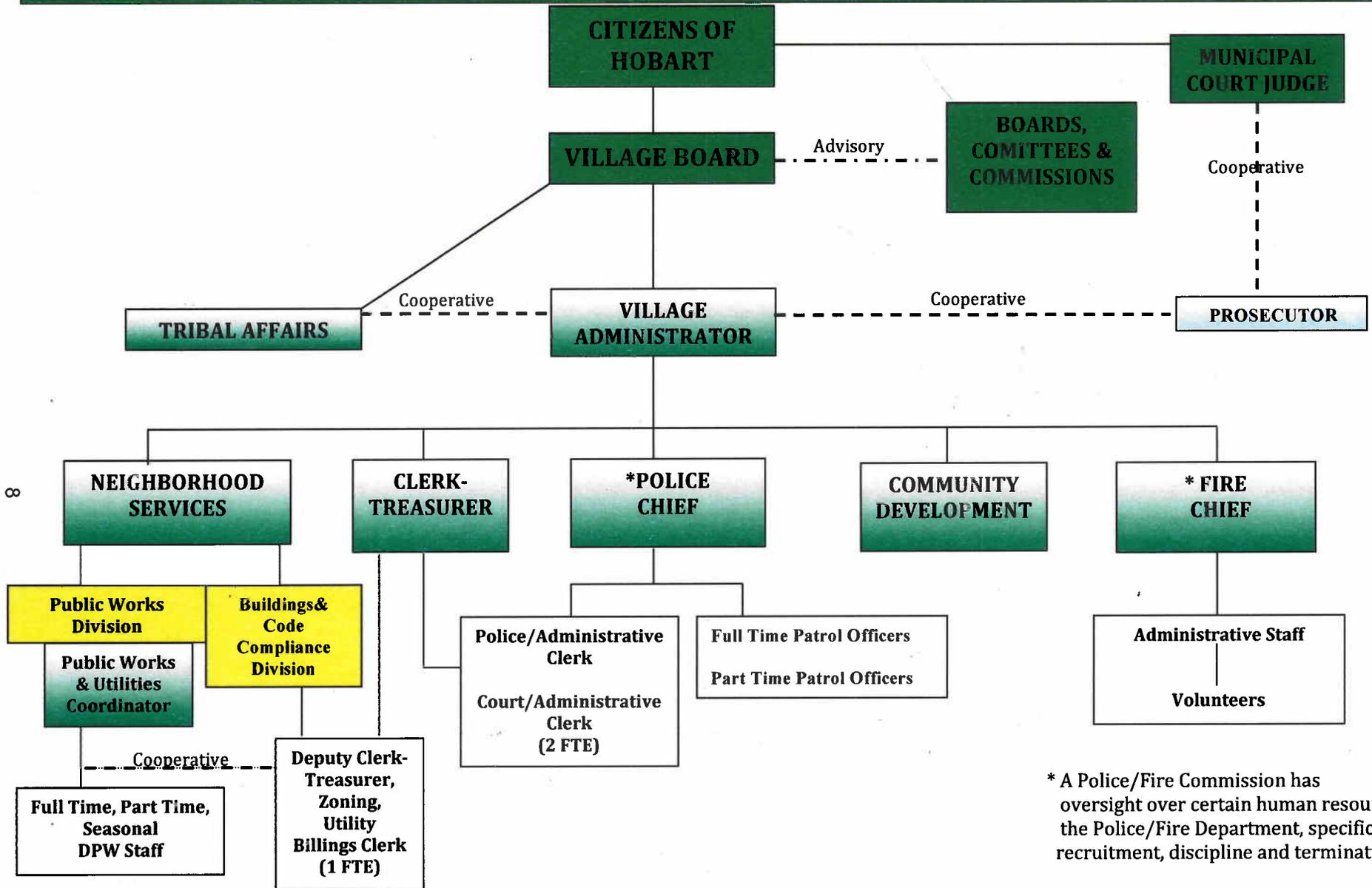


Andrew J. Vickers, M.P.A,
Village Administrator



Mary Smith, CMC, WCMC
Clerk/Treasurer

VILLAGE OF HOBART, WI ORGANIZATIONAL CHART BY TITLE



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

GENERAL INFORMATION
VILLAGE OF HOBART ELECTED OFFICIALS
December 31, 2012

		Term Expires
PRESIDENT	Richard R. Heidel	April 2014
TRUSTEES	David Dillenberg	April 2013
	Ed Kazik	April 2014
	Debbie Schumacher	April 2014
	Donna Severson	April 2013

GENERAL INFORMATION

VILLAGE OF HOBART DEPARTMENT HEADS / APPOINTED OFFICIALS

December 31, 2012

		Length of Time In This Position	Length of Employment With Village of Hobart
Administrator	Andrew Vickers	3 1/2 years	4 1/2 years
Director of Development & Tribal Affairs	Elaine Willman	4 years	5 years
Police Chief	Randy Bani	9 1/2 years	9 1/2 years
Fire Chief (volunteer)	Jerry Lancelle	1 year	24 years
Director of Neighborhood Services	Allyn Dannhoff	3 years	3 years
Financial Consultant	Brian Ruechel	2 1/2 years	2 1/2 years
Clerk / Treasurer	Mary Smith	29 1/2 years	29 1/2 years
Deputy Clerk / Treasurer	Cindy Kocken	14 1/2 years	14 1/2 years
Public Works Coordinator	Jerry Lancelle	1 1/2 years	1 1/2 years

CERTIFIED PUBLIC ACCOUNTANTS

Schenck SC, Green Bay, Wisconsin

BOND COUNSEL

Quarles & Brady, Milwaukee, Wisconsin

FINANCIAL CONSULTANTS

Mike Hallmann, Lantern & Associates, Muskego, Wisconsin

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Hobart, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Hobart, Wisconsin ("the Village") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Village's 2011 financial statements and, in our report dated March 6, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village as of December 31, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A.4.e, the Village has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2013, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Schmude SC

Certified Public Accountants
Green Bay, Wisconsin
March 18, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS



VILLAGE OF HOBART

Management's Discussion and Analysis December 31, 2012

As management of the Village of Hobart, Wisconsin, we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 4 - 7 of this report.

Financial Highlights

- The assets of the Village exceeded its liabilities as of December 31, 2012 by \$9,924,114 (*net position*). Of this amount, (\$1,810,972) (unrestricted net position) is negative because the Village has debt for noncapital items relating to development projects in Tax Increment Districts.
- The Village's change in net position increased by \$659,616 and adoption of GASB Statement No. 65 decreased the net position by \$366,412.
- As of December 31, 2012, the Village's governmental funds reported combined ending fund balances of \$4,214,865, an increase of \$296,028 in comparison with the prior year. The increase resulted from general fund favorable revenue and expenditure budget variances. Approximately 5.8% of the fund balance amount, \$244,212 is nonspendable for delinquent taxes and assessments. Approximately 1.3%, \$54,229 is restricted for park development and memorial brick/trees. Approximately 65.8%, \$2,772,712 is assigned for development and capital projects. Approximately 27.1%, \$1,143,712 is unassigned and *available for spending* at the Village's discretion.
- As of December 31, 2012, the unassigned general fund balance of \$1,143,712 was approximately 45.7% of total general fund expenditures.
- The Village's total debt increased by \$1,055,356 during 2012. During 2012, the Village issued \$7,130,000 in debt and retired \$6,074,644 in debt.

Overview of the Basic Financial Statements

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

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

The *statement of net position* presents information on all of the Village's assets and liabilities, with the difference between the two reported 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, health and human services, culture and recreation, 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 20 - 22 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Village's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, tax increment district #1 fund, tax increment district #2 fund, and capital projects fund which are all considered to be major funds.

The Village adopts an annual appropriated budget for its general, debt service, and capital projects 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 23 - 27 of this report.

Proprietary funds. The Village maintains a single type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its water, 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 28 - 30 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 31 - 46 of this report.

Other information. Supplemental schedules can be found on pages 47 - 53.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$9,924,114 at the close of 2012.

Village of Hobart's Net Position						
(in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 18,664	\$ 18,700	\$ 2,415	\$ 2,779	\$ 21,079	\$ 21,479
Capital assets	11,478	10,800	18,526	17,322	30,004	28,122
Total Assets	30,142	29,500	20,941	20,101	51,083	49,601
Long-term liabilities outstanding	17,775	18,077	8,689	7,222	26,464	25,299
Other liabilities	11,077	14,532	292	139	11,369	14,671
Total Liabilities	28,852	32,609	8,981	7,361	37,833	39,970
Deferred inflows of resources	3,326	-	-	-	3,326	-
Net Position						
Invested in capital assets, net of related debt	1,844	(461)	9,837	10,100	11,681	9,639
Restricted	54	-	-	-	54	-
Unrestricted	(3,934)	(2,648)	2,123	2,640	(1,811)	(8)
Total Net Position	\$ (2,036)	\$ (3,109)	\$ 11,960	\$ 12,740	\$ 9,924	\$ 9,631

The Village reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At December 31, 2012 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.

An additional portion of the Village's governmental net position \$54,229 represents resources that are subject to external restrictions on how they may be used.

Change in net position. The Village's governmental activities net position increased by \$1,244,131 due to revenues and transfers in exceeding expenditures. Key elements of this increase are shown in the chart below:

Net position of the water utility enterprise fund at the end of the year amounted to \$6,161,805. The change in net position during 2012 was an increase of \$543,208. Operating income of \$146,311 and increased capital contributions resulted in the net position increase.

Net position of the sewer utility enterprise fund at the end of the year amounted to \$3,869,287. The change in net position during 2012 was a decrease of \$1,469,962 due to the utility reimbursing the tax increment district #1 for costs originally paid for sewer capital assets.

Net position of the storm water utility enterprise fund at the end of the year amounted to \$1,928,501. The change in net position during 2012 was an increase of \$146,244. Operating income of \$39,419 and capital contributions resulted in the net position increase.

Village of Hobart's Change in Net Position						
(In thousands of dollars)						
	Governmental		Business-type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	\$ 960	\$ 852	\$ 2,034	\$ 1,769	\$ 2,994	\$ 2,621
Operating grants and contributions	313	374	-	-	313	374
Capital grants and contributions	259	295	1,205	1,114	1,464	1,409
General Revenues						
Property taxes	2,952	2,476	70	194	3,022	2,670
Other taxes	64	49	-	-	64	49
Grants and contributions not restricted to specific programs	68	85	-	-	68	85
Other	105	171	37	28	142	199
Total Revenues	4,721	4,302	3,346	3,105	8,067	7,407
Expenses						
General government	693	812	-	-	693	812
Public safety	1,208	1,196	-	-	1,208	1,196
Public works	792	759	-	-	792	759
Health and human services	2	7	-	-	2	7
Culture and recreation	30	33	-	-	30	33
Conservation and development	2,005	1,709	-	-	2,005	1,709
Interest on long-term debt	696	668	-	-	696	668
Water utility	-	-	804	725	804	725
Sewer utility	-	-	765	741	765	741
Storm Water utility	-	-	412	290	412	290
Total Expenses	5,426	5,184	1,981	1,756	7,407	6,940
Change in Net Position Before Transfers	(705)	(882)	1,365	1,349	660	467
Transfers	1,949	(938)	(1,949)	938	-	-
Change in Net Position	1,244	(1,820)	(584)	2,287	660	467
Cumulative Effect of Change in Accounting Principle	(171)	-	(196)	-	(367)	-
Net Position - January 1	(3,109)	(1,289)	12,740	10,453	9,631	9,164
Net Position - December 31	\$ (2,036)	\$ (3,109)	\$ 11,960	\$ 12,740	\$ 9,924	\$ 9,631

The cumulative effect of change in accounting principle results from the Village adoption of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. The cumulative effect of change was to decrease the December 31, 2012 net position of the governmental activities by \$170,417 and the net position of the business-type activities and proprietary funds by \$195,995.

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, 2012, the Village's governmental funds reported combined ending fund balances of \$4,214,865, an increase of \$296,028 in comparison with the prior year. Approximately 27.1% of this amount (\$1,143,712) 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 delinquent taxes and assessments (\$244,212), restricted for park development and memorial brick/trees (\$54,229) and assigned for development and capital projects (\$2,772,712).

The general fund is the main operating fund of the Village. At the end of the current year, unassigned fund balance of the general fund was \$1,143,712. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 45.7% of total general fund expenditures.

The fund balance of the Village's general fund increased by \$321,485 during the current year due to favorable revenue and expenditure budget variances.

The funds for tax increment finance (TIF) district #1 and #2 account for the revenues and expenses of the Village's two TIF districts. District #1 was created in 2009 and District #2 was created in 2011.

The capital projects fund has a total fund balance of \$621,423 which represents unspent revenues carried over for financing future capital projects.

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

Unrestricted net position of the water utility enterprise fund at the end of the year amounted to \$968,261. Total net position was \$6,161,805 and the total increase in net position was \$543,208. Operating Income of \$146,311 and increased capital contributions resulted in the net position increase.

Unrestricted net position of the sewer utility enterprise fund at the end of the year amounted to \$717,427. Total net position was \$3,869,287 and the total net position was decreased by \$1,469,962 due to the utility reimbursing the tax increment district #1 for costs originally paid for sewer capital assets.

Unrestricted net position of the storm water utility enterprise fund at the end of the year amounted to \$437,210. Total net position was \$1,928,501 and the total increase in net position was \$146,244. Operating income of \$39,419 and capital contributions resulted in the net position increase.

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

General Fund Budget Highlights

No adjustments were made to the 2012 original adopted and final budget.

Actual revenues exceeded budgeted revenues by \$271,443 primarily due to positive variances in Village Building permit revenue, and locals aids from the Town of Lawrence for public safety purposes.

Actual expenditures were less than budgeted by \$29,896 primarily from savings generated by general government and public works expenses.

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, 2012 amounts to \$30,004,232 (net of accumulated depreciation). This investment in capital assets includes land, buildings and land improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the Village's investment in capital assets for the current year was \$1,881,678.

Village of Hobart's Capital Assets						
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 6,686,941	\$ 6,686,941	\$ 573,701	\$ 573,701	\$ 7,260,642	\$ 7,260,642
Buildings and Improvements	1,127,224	1,127,224	19,262,007	18,375,681	20,389,231	19,502,905
Machinery and equipment	1,573,551	1,416,064	3,355,492	3,305,482	4,929,043	4,721,546
Infrastructure	3,754,319	3,244,512	-	-	3,754,319	3,244,512
Construction in progress	155,954	-	733,783	-	889,737	-
Less accumulated depreciation	(1,819,896)	(1,674,554)	(5,398,844)	(4,932,497)	(7,218,740)	(6,607,051)
Total	\$ 11,478,093	\$ 10,800,187	\$ 18,526,139	\$ 17,322,367	\$ 30,004,232	\$ 28,122,554

During 2012, buildings and improvements capital assets increased \$886,326 for business-type activities, machinery and equipment assets increased \$157,487 for governmental and \$50,010 for business activities, governmental infrastructure asset activities increased \$509,807, construction in progress increased \$155,954 for governmental and \$733,783 for business activities. An increase of \$611,689 was recognized in accumulated depreciation for the Village's capital assets.

Long-term debt. At the end of the current fiscal year, the Village had total notes outstanding of \$26,354,445. Of this amount, \$19,069,391 comprises debt backed by the full faith and credit of the government, and \$4,715,000 are note anticipation notes which will be converted to general obligation debt at some future time, and \$2,570,054 is for interceptor costs being paid to the Green Bay Metropolitan Sewerage District.

Village of Hobart's Outstanding Debt						
General Obligation Debt and Notes Payable						
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation notes	\$ 12,950,000	\$ 10,491,750	\$ 6,119,391	\$ 4,481,757	\$ 19,069,391	\$ 14,973,507
Bond anticipation notes	-	-	-	-	-	-
Note Anticipation Notes	4,715,000	7,585,000	-	-	4,715,000	7,585,000
Notes payable - Green Bay MSD	-	-	2,570,054	2,740,582	2,570,054	2,740,582
Total	\$ 17,665,000	\$ 18,076,750	\$ 8,689,445	\$ 7,222,339	\$ 26,354,445	\$ 25,299,089

The Village's total debt increased by \$1,055,356 during the current fiscal year. The debt increase resulted from the issuance on July 12, 2012 of \$5,000,000 in general obligation notes and \$2,130,000 in note anticipation notes, along with the 2012 principal debt retirement of \$904,116 general obligation notes, \$5,000,000 in note anticipation notes, and \$170,528 in notes payable - Green Bay MSD. The July issuance of \$5,000,000 notes was for the purpose of paying the cost of refinancing the August 3, 2009 note anticipation notes to a long term debt obligation and the issuance of \$2,130,000 note anticipation notes for the purpose of financing Tax Increment District #1 infrastructure projects.

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 \$32,052,420, which is significantly in excess of the Village's \$19,069,391 in outstanding general obligation debt. It should be noted, however, that the Village must reserve a portion of its borrowing capacity for the \$4,715,000 of anticipation notes which will be converted to general obligation debt at some time in the future.

The Village's debt credit rating for the July 2012 issuance was upgraded by Standard and Poor's from AA- to AA. Access to the diverse Green Bay area employment base; very strong economic indicators, and positive financial operations and the maintenance of a very strong general fund balance were factors cited for the rating upgrade.

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 2013 fiscal year budget.

- The unemployment rate for the Village of Hobart is currently 5.9 percent which is a decrease from the 6.8 percent rate a year ago.
- Taxable assessed value for the Village increased by 2.7 percent.
- A 0.72% property tax rate decrease (Village-only tax rate) with no service or employee reductions.
- Additional funds made available to the Capital Projects Fund for road re-paving projects and vehicle equipment reserve accounts established for the Public Works and Fire Departments.
- Interest rates are expected to remain at record low levels throughout the fiscal year.

For the second straight year, the Village of Hobart has ranked in the top 5 for new housing starts among all cities, villages and towns in the state of Wisconsin. In 2012, Hobart experienced 102 new single family housing starts, ranking second in the state behind only the city of Madison. 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 over \$60,000,000 in incremental value. TID 1 will eclipse \$50,000,000 in incremental value upon updating assessments as of January 1, 2013. The Village projects that by the end of 2014, TID 1 will have over 500 new residential dwelling units comprised of both single family and multi-family dwellings.

Despite the Village's focused economic development strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. High-end residential building, with homes valued at \$500,000-\$1,800,000, continues in the Thornberry Creek and Stone Gables subdivisions. Current Village housing trends are expected to be maintained for the next 2-3 years as existing lot inventory remains high.

The Wisconsin Department of Transportation has funded and will be constructing major highway improvements over the next two years to STH 29, the northern boundary of the Village and its TID 1. The highway improvements will be a catalyst for commercial growth in northern Hobart over the next several years, by improving highway access and safety to the Village's commercial opportunities.

Contacting the Village's Financial Management

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF HOBART, WISCONSIN
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 6,812,975	\$ 1,990,965	\$ 8,803,940
Receivables			
Taxes	11,447,907	-	11,447,907
Accounts	112,714	295,646	408,360
Special assessments	226,937	128,475	355,412
Restricted assets			
Cash and investments	63,452	-	63,452
Capital assets, nondepreciable			
Land	803,600	65,030	868,630
Land held for resale	5,883,341	-	5,883,341
Construction in progress	155,954	733,783	889,737
Property held for future use	-	508,671	508,671
Capital assets, depreciable			
Land improvements	-	18,354,846	18,354,846
Buildings and improvements	1,127,224	907,161	2,034,385
Machinery and equipment	1,573,551	3,355,492	4,929,043
Infrastructure	3,754,319	-	3,754,319
Less: Accumulated depreciation	(1,819,896)	(5,398,844)	(7,218,740)
TOTAL ASSETS	30,142,078	20,941,225	51,083,303
LIABILITIES			
Accounts payable	530,926	166,800	697,726
Accrued and other current liabilities	50,599	6,254	56,853
Accrued interest payable	181,148	119,134	300,282
Due to other governments	10,314,597	-	10,314,597
Long-term obligations			
Due within one year	752,910	548,002	1,300,912
Due in more than one year	17,021,316	8,141,442	25,162,758
TOTAL LIABILITIES	28,851,496	8,981,632	37,833,128
DEFERRED INFLOWS OF RESOURCES			
Property taxes	3,326,061	-	3,326,061
NET POSITION			
Net investment in capital assets	1,844,162	9,836,695	11,680,857
Restricted for			
Subsequent year projects	54,229	-	54,229
Unrestricted (Deficit)	(3,933,870)	2,122,898	(1,810,972)
TOTAL NET POSITION (DEFICIT)	\$ (2,035,479)	\$ 11,959,593	\$ 9,924,114

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

VILLAGE OF HOBART, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 692,940	\$ 176,844	\$ -	\$ -
Public safety	1,208,225	366,632	86,236	33,320
Public works	791,467	372,446	227,065	225,709
Health and human services	2,115	-	-	-
Culture and recreation	30,068	41,137	-	-
Conservation and development	2,005,275	2,389	-	-
Interest on debt	695,699	-	-	-
Total Governmental Activities	5,425,789	959,448	313,301	259,029
Business-type Activities				
Water utility	804,064	835,087	-	635,962
Sewer utility	765,339	748,137	-	461,996
Storm water utility	411,854	451,273	-	106,825
Total Business-type Activities	1,981,257	2,034,497	-	1,204,783
Total	\$ 7,407,046	\$ 2,993,945	\$ 313,301	\$ 1,463,812

General revenues

Taxes

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for capital projects
- Franchise fees and 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

Cumulative Effect of Change in Accounting Principle

Net position (deficit) - January 1

Net position (deficit) - December 31

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

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

\$ (516,096)	\$ -	\$ (516,096)
(722,037)	-	(722,037)
33,753	-	33,753
(2,115)	-	(2,115)
11,069	-	11,069
(2,002,886)	-	(2,002,886)
(695,699)	-	(695,699)
<u>(3,894,011)</u>	<u>-</u>	<u>(3,894,011)</u>

-	666,985	666,985
-	444,794	444,794
-	146,244	146,244
<u>-</u>	<u>1,258,023</u>	<u>1,258,023</u>

<u>(3,894,011)</u>	<u>1,258,023</u>	<u>(2,635,988)</u>
--------------------	------------------	--------------------

1,664,089	-	1,664,089
804,009	69,530	873,539
484,000	-	484,000
63,728	-	63,728
68,438	-	68,438
29,187	778	29,965
76,045	35,800	111,845
1,948,646	(1,948,646)	-
<u>5,138,142</u>	<u>(1,842,538)</u>	<u>3,295,604</u>

1,244,131	(584,515)	659,616
(170,417)	(195,995)	(366,412)
<u>(3,109,193)</u>	<u>12,740,103</u>	<u>9,630,910</u>

<u>\$ (2,035,479)</u>	<u>\$ 11,959,593</u>	<u>\$ 9,924,114</u>
-----------------------	----------------------	---------------------

VILLAGE OF HOBART, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2012

	General	Debt Service	Tax Incremental District #1	Capital Projects	Tax Incremental District #2	Total Governmental Funds
ASSETS						
Cash and investments	\$ 3,742,253	\$ -	\$ 2,137,553	\$ 869,543	\$ 63,626	\$ 6,812,975
Receivables						
Taxes	9,275,180	764,011	629,476	474,615	60,413	11,203,695
Delinquent taxes and special assessments	244,212	-	-	-	-	244,212
Special assessments	-	226,937	-	-	-	226,937
Other	112,714	-	-	-	-	112,714
Restricted cash and investments	-	-	-	-	63,452	63,452
TOTAL ASSETS	\$ 13,374,359	\$ 990,948	\$ 2,767,029	\$ 1,344,158	\$ 187,491	\$ 18,663,985
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 169,464	\$ -	\$ 113,342	\$ 248,120	\$ -	\$ 530,926
Accrued payroll liabilities	50,599	-	-	-	-	50,599
Due to other governmental units	10,314,597	-	-	-	-	10,314,597
Total Liabilities	10,534,660	-	113,342	248,120	-	10,896,122
Deferred Inflows of Resources						
Property taxes	1,397,546	764,011	629,476	474,615	60,413	3,326,061
Special assessments	-	226,937	-	-	-	226,937
Total Deferred Inflows of Resources	1,397,546	990,948	629,476	474,615	60,413	3,552,998
Fund Balances						
Nonspendable						
Delinquent taxes and assessments	244,212	-	-	-	-	244,212
Restricted						
Park development	48,365	-	-	-	-	48,365
Memorial brick/trees	5,864	-	-	-	-	5,864
Assigned						
Development	-	-	2,024,211	-	127,078	2,151,289
Capital projects	-	-	-	621,423	-	621,423
Unassigned, reported in						
General fund	1,143,712	-	-	-	-	1,143,712
Total Fund Balances	1,442,153	-	2,024,211	621,423	127,078	4,214,865
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,374,359	\$ 990,948	\$ 2,767,029	\$ 1,344,158	\$ 187,491	\$ 18,663,985

(Continued)

VILLAGE OF HOBART, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2012

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page			\$ 4,214,865
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.			11,478,093
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.			
Notes payable		\$ (17,665,000)	
Premium on debt issued		(109,226)	
Accrued interest on long-term obligations		<u>(181,148)</u>	(17,955,374)
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.			
Special assessments			<u>226,937</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 20)			<u>\$ (2,035,479)</u>

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

VILLAGE OF HOBART, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Debt Service	Tax Incremental District #1	Capital Projects	Tax Incremental District #2	Total Governmental Funds
Revenues						
Taxes	\$ 1,313,598	\$ 804,009	\$ 370,159	\$ 484,000	\$ -	\$ 2,971,766
Special assessments	-	32,829	-	-	-	32,829
Intergovernmental	667,647	-	3,480	23,735	-	694,862
Licenses and permits	221,194	-	-	-	-	221,194
Fines and forfeits	59,764	-	-	-	-	59,764
Public charges for services	431,858	-	-	-	-	431,858
Other	99,644	6,555	1,109	-	313	107,621
Total Revenues	2,793,705	843,393	374,748	507,735	313	4,519,894
Expenditures						
Current						
General government	668,710	-	-	-	-	668,710
Public safety	1,108,532	-	-	-	-	1,108,532
Public works	606,401	-	-	-	-	606,401
Health and human services	2,115	-	-	-	-	2,115
Culture and recreation	15,440	-	-	-	-	15,440
Conservation and development	99,668	-	11,041	-	128,457	239,166
Debt service						
Principal	-	521,750	5,100,000	-	-	5,621,750
Interest and fiscal charges	-	317,570	339,355	-	39,276	696,201
Capital outlay	-	-	1,972,253	556,588	4,582	2,533,423
Total Expenditures	2,500,866	839,320	7,422,649	556,588	172,315	11,491,738
Excess of Revenues Over (Under)						
Expenditures	292,839	4,073	(7,047,901)	(48,853)	(172,002)	(6,971,844)
Other Financing Sources (Uses)						
Long-term debt issued	-	-	5,210,000	-	-	5,210,000
Premium on debt issued	-	-	109,226	-	-	109,226
Transfers in	28,646	-	1,920,000	4,073	-	1,952,719
Transfers out	-	(4,073)	-	-	-	(4,073)
Total Other Financing Sources (Uses)	28,646	(4,073)	7,239,226	4,073	-	7,267,872
Net Change in Fund Balances	321,485	-	191,325	(44,780)	(172,002)	296,028
Fund Balances - January 1	1,120,668	-	1,832,886	666,203	299,080	3,918,837
Fund Balances - December 31	\$ 1,442,153	\$ -	\$ 2,024,211	\$ 621,423	\$ 127,078	\$ 4,214,865

(Continued)

VILLAGE OF HOBART, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2012

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page \$ 296,028

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets reported as capital outlay in governmental fund statements	\$ 717,354	
Contributed assets	234,209	
Depreciation expense reported in the statement of activities	<u>(273,657)</u>	677,906

The issuance of long-term debt provides current financial resources to the governmental funds.

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

Principal paid on long-term debt	5,621,750
Long-term debt issued	(5,210,000)
Premium on debt issued	(109,226)

Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.	502
--	-----

Revenues reported in the fund statement that were earned in a prior year are not recognized as revenues in the statement of activities.	<u>(32,829)</u>
---	-----------------

Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 21 - 22)	<u>\$ 1,244,131</u>
--	---------------------

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

VILLAGE OF HOBART, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,300,280	\$ 1,300,280	\$ 1,313,598	\$ 13,318
Intergovernmental	577,525	577,525	667,647	90,122
Licenses and permits	119,065	119,065	221,194	102,129
Fines and forfeits	52,500	52,500	59,764	7,264
Public charges for services	434,962	434,962	431,858	(3,104)
Other general government	37,930	37,930	99,644	61,714
Total Revenues	2,522,262	2,522,262	2,793,705	271,443
Expenditures				
General government	693,039	693,039	668,710	24,329
Public safety	1,065,232	1,065,232	1,108,532	(43,300)
Public works	644,458	644,458	606,401	38,057
Health and human services	6,391	6,391	2,115	4,276
Culture and recreation	20,251	20,251	15,440	4,811
Conservation and development	101,391	101,391	99,668	1,723
Total Expenditures	2,530,762	2,530,762	2,500,866	29,896
Excess of Revenues Over (Under) Expenditures	(8,500)	(8,500)	292,839	301,339
Other Financing Sources				
Transfers in	8,500	8,500	28,646	20,146
Net Change in Fund Balance	-	-	321,485	321,485
Fund Balance - January 1	1,120,668	1,120,668	1,120,668	-
Fund Balance - December 31	\$ 1,120,668	\$ 1,120,668	\$ 1,442,153	\$ 321,485

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

VILLAGE OF HOBART, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2012

	Water Utility	Sewer Utility	Storm Water Utility	Total
ASSETS				
Current assets				
Cash and investments	\$ 783,046	\$ 673,230	\$ 534,689	\$ 1,990,965
Accounts receivable	122,461	173,185	-	295,646
Total Current Assets	905,507	846,415	534,689	2,286,611
Noncurrent assets				
Capital assets, nondepreciable				
Land	65,030	-	-	65,030
Construction in progress	87,039	469,885	176,859	733,783
Property held for future use	-	508,671	-	508,671
Capital assets, depreciable				
Structure and improvements	907,161	-	-	907,161
Improvements other than buildings	9,004,585	7,990,136	1,360,125	18,354,846
Equipment	868,771	2,448,856	37,865	3,355,492
Less: Accumulated depreciation	(2,162,190)	(3,153,096)	(83,558)	(5,398,844)
Total Capital Assets, Net of Accumulated Depreciation	8,770,396	8,264,452	1,491,291	18,526,139
Other Assets				
Special assessments	445	10,149	-	10,594
Special assessments deferred	115,188	-	2,693	117,881
Total Noncurrent Assets	8,886,029	8,274,601	1,493,984	18,654,614
TOTAL ASSETS	9,791,536	9,121,016	2,028,673	20,941,225
LIABILITIES				
Current Liabilities				
Accounts payable	39,281	29,553	97,966	166,800
Accrued expenses	2,228	1,820	2,206	6,254
Accrued interest	11,370	107,764	-	119,134
Noncurrent				
Due within one year	149,265	398,737	-	548,002
Due in more than one year	3,427,587	4,713,855	-	8,141,442
TOTAL LIABILITIES	3,629,731	5,251,729	100,172	8,981,632
NET POSITION				
Net investment in capital assets	5,193,544	3,151,860	1,491,291	9,836,695
Unrestricted	968,261	717,427	437,210	2,122,898
TOTAL NET POSITION	\$ 6,161,805	\$ 3,869,287	\$ 1,928,501	\$ 11,959,593

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

VILLAGE OF HOBART, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Water Utility	Sewer Utility	Storm Water Utility	Total
Operating Revenues				
Charges for Services				
Metered sales				
Residential	\$ 499,728	\$ 535,506	\$ -	\$ 1,035,234
Commercial	58,820	91,138	-	149,958
Industrial	-	100,218	-	100,218
Public authority	1,048	4,557	-	5,605
Private fire protection	13,800	-	-	13,800
Public fire protection	223,034	-	-	223,034
Total Charges for Services	796,430	731,419	-	1,527,849
Other Operating Revenues				
Inspection fees	4,910	9,600	-	14,510
Well operation permits	13,450	-	-	13,450
Other operating revenues	20,297	7,118	451,273	478,688
Total Other Operating Revenues	38,657	16,718	451,273	506,648
Total Operating Revenues	835,087	748,137	451,273	2,034,497
Operating Expenses				
Operation and Maintenance				
Purchased water	224,377	-	-	224,377
Power for pumping	17,621	4,297	-	21,918
Operation labor	48,432	42,718	31,044	122,194
Treatment charges	-	188,687	-	188,687
Chemicals	762	-	-	762
Maintenance of plant	25,533	2,300	106,692	134,525
Operation supplies and expense	7,495	10,589	2,544	20,628
Administrative and general salaries	32,600	25,067	64,810	122,477
Office supplies and expense	5,574	637	-	6,211
Outside services	69,702	84,434	136,808	290,944
Employee pensions and benefits	28,208	21,163	22,161	71,532
Regulatory expense	125	-	-	125
Insurance expense	3,474	2,001	-	5,475
Miscellaneous general expenses	2,460	7,531	618	10,609
Total Operation and Maintenance	466,363	389,424	364,677	1,220,464
Depreciation	216,186	214,974	36,507	467,667
Taxes	6,227	5,383	10,670	22,280
Total Operating Expenses	688,776	609,781	411,854	1,710,411
Operating Income	146,311	138,356	39,419	324,086
Nonoperating Revenues (Expenses)				
Interest income	37	741	-	778
Property taxes	69,530	-	-	69,530
Hook-up fees	-	35,800	-	35,800
Interest and fiscal charges	(114,879)	(155,967)	-	(270,846)
Total Nonoperating Revenues (Expenses)	(45,312)	(119,426)	-	(164,738)
Income Before Contributions and Transfers	100,999	18,930	39,419	159,348
Capital contributions	635,962	461,996	106,825	1,204,783
Transfers out	(28,646)	(1,920,000)	-	(1,948,646)
Change in Net Position	708,315	(1,439,074)	146,244	(584,515)
Cumulative Effect of Change in Accounting Principle	(165,107)	(30,888)	-	(195,995)
Net Position - January 1	5,618,597	5,339,249	1,782,257	12,740,103
Net Position - December 31	\$ 6,161,805	\$ 3,869,287	\$ 1,928,501	\$ 11,959,593

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

VILLAGE OF HOBART, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Water Utility	Sewer Utility	Storm Water Utility	Total
Cash Flows from Operating Activities				
Cash received from user charges	\$ 819,125	\$ 690,037	\$ 451,273	\$ 1,960,435
Cash payments to suppliers	(331,690)	(297,411)	(160,429)	(789,530)
Cash payments to employees	(108,419)	(93,390)	(118,578)	(320,387)
Net Cash Provided by Operating Activities	<u>379,016</u>	<u>299,236</u>	<u>172,266</u>	<u>850,518</u>
Cash Flows from Non-Capital Financing Activities				
Transfer to other funds	(28,646)	(1,920,000)	-	(1,948,646)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(258,310)	(24,545)	(183,801)	(466,656)
General property taxes	69,530	-	-	69,530
Proceeds of long-term debt	-	1,920,000	-	1,920,000
Premium on debt issued	-	36,619	-	36,619
Issuance cost on long-term debt	-	(36,290)	-	(36,290)
Principal payments on long-term debt	(143,765)	(309,129)	-	(452,894)
Interest payments on long-term debt	(115,271)	(135,391)	-	(250,662)
Hook up fees	-	35,800	-	35,800
Contributions from property owners	183	3,599	-	3,782
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(447,633)</u>	<u>1,490,663</u>	<u>(183,801)</u>	<u>859,229</u>
Cash Flows from Investing Activities				
Interest on investments	37	741	-	778
Net Increase (Decrease) in Cash and Cash Equivalents	(97,226)	(129,360)	(11,535)	(238,121)
Cash and Cash Equivalents - Beginning of Year	880,272	802,590	546,224	2,229,086
Cash and Cash Equivalents - End of Year	<u>\$ 783,046</u>	<u>\$ 673,230</u>	<u>\$ 534,689</u>	<u>\$ 1,990,965</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 146,311	\$ 138,356	\$ 39,419	\$ 324,086
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	216,186	214,974	36,507	467,667
Depreciation allocation for meters	6,360	(6,360)	-	-
Changes in assets and liabilities				
Accounts receivable	(15,962)	(58,100)	-	(74,062)
Accounts payable	25,433	9,834	95,797	131,064
Accrued expenses	688	532	543	1,763
Net Cash Provided by Operating Activities	<u>\$ 379,016</u>	<u>\$ 299,236</u>	<u>\$ 172,266</u>	<u>\$ 850,518</u>
Noncash Investing, Capital and Financing Activities				
Capital assets contributed	<u>\$ 635,962</u>	<u>\$ 461,996</u>	<u>\$ 106,825</u>	<u>\$ 1,204,783</u>

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

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The Village of Hobart is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Village (the primary government) and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

The Village reports the following major governmental funds:

GENERAL FUND

This is the Village's main 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 governmental funds.

TAX INCREMENTAL DISTRICT #1 CAPITAL PROJECTS FUND

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

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Project Funds and the enterprise funds.

TAX INCREMENTAL DISTRICT #2 CAPITAL PROJECTS FUND

This fund accounts for the resources accumulated and payment 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

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

3. Measurement Focus and Basis of Accounting

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

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

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

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

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

4. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

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

c. Interfund Receivables and Payables

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

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

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Capital Assets

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

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

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

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Buildings	40	25 - 50
Land improvements	20	25 - 100
Machinery and equipment	4 - 20	3 - 10
Infrastructure	30	N/A

e. Deferred Outflows/Inflows of Resources

The Village implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The Village also has an additional type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

f. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net 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 whether or not withheld from the actual debt proceeds received, are reported as expenses.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

g. 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 management. 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 not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

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, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Use of Estimates

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

NOTE B - STEWARDSHIP AND COMPLIANCE

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 the general and debt service funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general, debt service funds, and capital projects funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.
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, 2012.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

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

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

The carrying amount of the Village's cash and investments totaled \$8,867,392 on December 31, 2012 as summarized below:

Deposits with financial institutions	\$ 8,603,234
Investments	
Money market mutual funds	106,894
Wisconsin local government investment pool	157,264
	\$ 8,867,392

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 8,803,940
Restricted cash and investments	63,452
	\$ 8,867,392

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit risk 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 time and savings deposits and \$250,000 for interest-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 all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the Village's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013 the Village's non-interest-bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC insurance coverage. 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.

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS

As of December 31, 2012, \$5,058,084 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. All amounts were collateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village does not have an additional credit risk policy. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Money market mutual funds	\$ 106,894	\$ -	\$ -	\$ -	\$ 106,894
Wisconsin Local Government Investment Pool	157,264	-	-	-	157,264
Totals	\$ 264,158	\$ -	\$ -	\$ -	\$ 264,158

Concentration of Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Money market mutual funds	\$ 106,894	\$ 106,894	\$ -	\$ -	\$ -
Wisconsin Local Government Investment Pool	157,264	157,264	-	-	-
Totals	\$ 264,158	\$ 264,158	\$ -	\$ -	\$ -

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$157,264 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

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

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

3. Restricted Assets

Restricted assets on December 31, 2012 totaled \$63,452 and consisted of cash and investments held for the following purposes:

Developer escrow	\$ 63,452
------------------	-----------

4. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 803,600	\$ -	\$ -	\$ 803,600
Land held for resale	5,883,341	-	-	5,883,341
Construction work in progress	-	155,954	-	155,954
Total capital assets, not being depreciated	6,686,941	155,954	-	6,842,895
Capital assets, being depreciated:				
Buildings and improvements	1,127,224	-	-	1,127,224
Machinery and equipment	1,416,064	285,802	128,315	1,573,551
Infrastructure	3,244,512	509,807	-	3,754,319
Subtotals	5,787,800	795,609	128,315	6,455,094
Less accumulated depreciation for:				
Buildings and improvements	564,027	25,932	-	589,959
Machinery and equipment	95,495	28,219	-	123,714
Vehicles	741,169	94,361	128,315	707,215
Infrastructure	273,863	125,145	-	399,008
Subtotals	1,674,554	273,657	128,315	1,819,896
Total capital assets, being depreciated, net	4,113,246	521,952	-	4,635,198
Governmental activities capital assets, net	\$ 10,800,187	\$ 677,906	\$ -	11,478,093
Less related long-term debt outstanding				9,633,931
Net investment in capital assets				\$ 1,844,162

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 65,030	\$ -	\$ -	\$ 65,030
Construction in progress	-	733,783	-	733,783
Property held for future use	508,671	-	-	508,671
Subtotals	<u>573,701</u>	<u>733,783</u>	<u>-</u>	<u>1,307,484</u>
Capital assets, being depreciated:				
Buildings	726,405	180,756	-	907,161
Land improvements	17,649,276	706,890	1,320	18,354,846
Machinery and equipment	3,305,482	50,010	-	3,355,492
Subtotals	<u>21,681,163</u>	<u>937,656</u>	<u>1,320</u>	<u>22,617,499</u>
Less accumulated depreciation for:				
Buildings	105,950	26,137	-	132,087
Land improvements	1,135,894	89,766	-	1,225,660
Machinery and equipment	3,690,653	351,764	1,320	4,041,097
Subtotals	<u>4,932,497</u>	<u>467,667</u>	<u>1,320</u>	<u>5,398,844</u>
Total capital assets, being depreciated, net	<u>16,748,666</u>	<u>469,989</u>	<u>-</u>	<u>17,218,655</u>
Business-type activities capital assets, net	<u>\$ 17,322,367</u>	<u>\$ 1,203,772</u>	<u>\$ -</u>	<u>18,526,139</u>
Less related long-term debt outstanding				<u>8,689,444</u>
Net investment in capital assets				<u>\$ 9,836,695</u>

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

Governmental activities	
General government	\$ 12,296
Public safety	80,021
Public works	177,645
Culture and recreation	3,695
Total depreciation expense - governmental activities	<u>\$ 273,657</u>
Business-type activities	
Water utility	\$ 26,137
Sewer utility	89,766
Storm water utility	351,764
Total depreciation expense - business-type activities	<u>\$ 467,667</u>

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2012 were as follows:

	Transfer to:			
	General Fund	Tax Incremental District No. 1	Capital Projects	Total
Transfers from:				
Water utility enterprise fund	\$ 28,646	\$ -	\$ -	28,646
Sewer utility enterprise fund	-	1,920,000	-	1,920,000
Debt service fund	-	-	4,073	4,073
Totals	\$ 28,646	\$ 1,920,000	\$ 4,073	\$ 1,952,719

The general fund transfer for 2012 relates to the utility payment in lieu of taxes made by the water utility to the Village's general fund. The sewer utility transfer was made to reimburse the tax increment district for costs originally paid for sewer capital assets. The transfer from debt service to capital projects was to transfer excess funds per Village policy.

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2012:

	Outstanding 1/1/12	Issued	Retired	Outstanding 12/31/12	Due Within One Year
Governmental activities:					
General Obligation Debt					
Notes	\$ 10,491,750	\$ 3,080,000	\$ 621,750	\$ 12,950,000	\$ 739,500
Note anticipation notes	7,585,000	2,130,000	5,000,000	4,715,000	-
Premium on debt issued	-	109,226	-	109,226	13,410
Governmental activities Long-term obligations	\$ 18,076,750	\$ 5,319,226	\$ 5,621,750	\$ 17,774,226	\$ 752,910
Business-type activities:					
General Obligation Debt					
Notes	\$ 4,481,757	\$ 1,920,000	\$ 282,366	\$ 6,119,391	\$ 370,586
Notes payable - Green Bay MSD	2,740,582	-	170,528	2,570,054	177,416
Business-type activities Long-term obligations	\$ 7,222,339	\$ 1,920,000	\$ 452,894	\$ 8,689,445	\$ 548,002

Total interest paid during the year on long-term debt totaled \$840,902.

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$1,125,000 issued 7/15/03; \$100,000 to \$115,000 due annually through 2016; interest 3.6% to 3.8%	\$ 430,000
\$1,340,000 issued 12/15/03; \$200,000 to \$225,000 due annually through 2014; interest 5.4% to 5.6%	425,000
\$420,000 issued 4/1/07; \$40,000 to \$100,000 due annually through 2017; interest 4.15%	330,000
\$6,450,000 issued 12/15/09; \$6,450,000 due in 2015; interest 3.75%	6,450,000
\$1,300,000 issued 11/22/10; \$20,000 to \$290,000 due annually through 2024; interest 2.0% to 3.45%	800,000
\$1,895,000 issued 11/22/10; \$105,000 to \$165,000 due annually through 2026; interest 1.60% to 5.05%	1,795,000
\$2,900,000 issued 6/7/11; \$115,000 to \$360,000 due annually through 2026; interest 3.0% to 4.05%	2,790,000
\$1,123,268 authorized 7/27/11, \$1,093,507 drawn as of 12/31/12; \$45,086 to \$66,705 due annually through 2031; interest 2.2%	1,049,391
\$5,000,000 issued 7/10/12; \$215,000 to \$370,000 due annually through 2029; interest 2.7% to 3.125%	5,000,000
Total Outstanding General Obligation Debt	<u>\$ 19,069,391</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$19,069,391 on December 31, 2012 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 739,500	\$ 460,653	\$ 370,586	\$ 191,398	\$ 1,110,086	\$ 652,051
2014	636,000	421,895	265,078	173,983	901,078	595,878
2015	6,899,750	282,226	282,342	166,559	7,182,092	448,785
2016	499,750	146,814	293,378	158,649	793,128	305,463
2017	399,750	132,815	299,437	150,497	699,187	283,312
2018 - 2022	1,644,750	511,739	1,767,900	613,063	3,412,650	1,124,802
2023 - 2027	1,675,500	210,211	2,307,341	247,381	3,982,841	457,592
2028 - 2031	455,000	14,212	533,329	20,142	988,329	34,354
	\$ 12,950,000	\$ 2,180,565	\$ 6,119,391	\$ 1,721,672	\$ 19,069,391	\$ 3,902,237

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2012 was \$12,983,029 as follows:

Equalized valuation of the Village	\$ 641,048,400
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	32,052,420
Total outstanding general obligation debt applicable to debt limitation	\$ 19,069,391
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>-</u>
Net outstanding general obligation debt applicable to debt limitation	19,069,391
Legal Margin for New Debt	<u><u>\$ 12,983,029</u></u>

The Village has outstanding \$4,715,000 in note anticipation notes (NANs). Although the outstanding NANs are not included in the calculation of the legal debt margin, the Village is required to reserve its legal debt margin for the amount of the outstanding NANs.

Notes Payable - Green Bay Metropolitan Sewage District

Notes Payable - Green Bay Metropolitan Sewage District outstanding on December 31, 2012 totaled \$2,570,054 and was comprised of the following issues:

\$135,545 issued 1992 for interceptor construction; \$4,674 due annually through 2020; non-interest bearing	\$ 37,392
\$1,697,786 issued 1999 for interceptor construction; \$79,780 to \$113,506 due annually through 2022; interest 2.64% to 5%	957,490
\$2,151,581 issued 2005 for interceptor construction; \$92,962 to \$154,069 due annually through 2025; interest 5.00%	<u>1,575,172</u>
Total Notes Payable - Green Bay MSD	<u><u>\$ 2,570,054</u></u>

Annual principal and interest payments of the above outstanding notes payable on December 31, 2012 are shown below:

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2013	\$ 177,416	\$ 106,008	\$ 283,424
2014	184,592	98,832	283,424
2015	192,069	91,355	283,424
2016	199,859	83,565	283,424
2017	207,976	75,447	283,423
2018 - 2022	1,164,728	243,043	1,407,771
2023 - 2025	443,414	38,668	482,082
	<u>\$ 2,570,054</u>	<u>\$ 736,918</u>	<u>\$ 3,306,972</u>

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Note Anticipation Notes

Note anticipation notes outstanding at December 31, 2012 totaled \$4,715,000 and were comprised of the following issues:

\$1,065,000 issued 10/4/11; \$1,065,000 due in 2016; interest 2.4%	\$ 1,065,000
\$1,520,000 issued 10/4/11; \$1,520,000 due in 2016; interest 2.55%	1,520,000
\$2,130,000 issued 7/10/12; \$2,130,000 due in 2017; interest 2.35%	<u>2,130,000</u>
Total Note Anticipation Notes	<u>\$ 4,715,000</u>

Annual principal and interest maturities of the above outstanding note anticipation notes of \$4,715,000 on December 31, 2012 are shown below:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2013	\$ -	\$ 121,466
2014	-	114,375
2015	-	114,375
2016	2,585,000	114,375
2017	2,130,000	25,028
	<u>\$ 4,715,000</u>	<u>\$ 489,619</u>

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. 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. Contribution rates are as follows:

	2012	
	Employee	Employer
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for Village employees covered by the WRS for the year ended December 31, 2012 was \$885,534; the employer's total payroll was \$1,047,983. The total required contribution for the year ended December 31, 2012 was \$121,138, which consisted of \$68,891, or 7.8% of covered payroll from the employer and \$52,247, or 5.9% of covered payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$108,730 and \$100,208 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. 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.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

3. Cumulative Effect of Change in Accounting Principle

The Village has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Financial statements for the year ended December 31, 2011 have not been restated. The cumulative effect of this change was to decrease the December 31, 2012 net position of the governmental activities by \$170,417 and the net position of the business-type activities and proprietary funds by \$195,995.

4. 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 2012 and 2013 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2012 budget was 2.84%. The actual limit for the Village for the 2013 budget was 2.78%. 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.

5. 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.

SUPPLEMENTARY INFORMATION

VILLAGE OF HOBART, WISCONSIN
 General Fund
 Detailed Comparison of Budgeted and Actual Revenues
 For the Year Ended December 31, 2012
 With Comparative Actual Amounts for the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Taxes				
General property	\$ 1,293,930	\$ 1,293,930	\$ -	\$ 1,130,991
Managed forest crop tax	500	61	(439)	52
Payment in lieu of taxes	1,500	1,693	193	1,644
Interest on taxes	3,850	11,911	8,061	7,308
Use value penalty	500	6,003	5,503	(146)
Total Taxes	1,300,280	1,313,598	13,318	1,139,849
Intergovernmental				
Federal aids				
Police grant	10,050	45,559	35,509	12,829
State aids				
Shared taxes	63,060	63,060	-	84,080
Fire insurance	19,857	22,811	2,954	19,857
Fire department grant	-	(5,869)	(5,869)	9,982
Transportation	208,702	208,702	-	227,445
Exempt computer aid	1,566	1,898	332	1,566
Gypsy moth grant	4,000	-	(4,000)	3,544
Recycling	14,500	18,363	3,863	18,327
Parks	-	-	-	5,762
Local aids				
Reimbursements from the Town of Lawrence	255,790	313,123	57,333	239,210
Total Intergovernmental	577,525	667,647	90,122	622,602
Licenses and Permits				
Quarry permits	3,135	3,965	830	7,622
Liquor and malt beverages	1,880	2,490	610	2,480
Operators license	1,150	2,685	1,535	1,675
Cigarette license	50	100	50	-
Dog license	1,700	1,824	124	1,305
Cable TV franchise fees	39,000	44,060	5,060	39,952
Building permits and associated fees	63,250	121,348	58,098	95,558
Site review permits	700	750	50	300
Park fee/building permits	5,000	41,137	36,137	5,800
Park developer fees	-	-	-	5,109
Zoning permits	3,200	2,835	(365)	3,520
Total Licenses and Permits	119,065	221,194	102,129	163,321

(Continued)

VILLAGE OF HOBART, WISCONSIN

General Fund

Detailed Comparison of Budgeted and Actual Revenues (Continued)

For the Year Ended December 31, 2012

With Comparative Actual Amounts for the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Fines and Forfeits				
Court fines and penalties	52,500	59,764	7,264	50,690
Public Charges for Services				
General government	3,000	6,010	3,010	4,570
Garbage collection	306,047	305,753	(294)	320,706
Police liaison fees	15,458	15,354	(104)	10,749
Street lighting	75,957	66,693	(9,264)	57,908
Fire calls	6,000	3,211	(2,789)	4,910
Park rentals	3,500	4,660	1,160	5,005
Land and tower rental fees	25,000	30,177	5,177	30,639
Total Public Charges for Services	434,962	431,858	(3,104)	434,487
Other General Government				
Reimbursements	3,230	75,870	72,640	24,136
Interest	32,500	21,210	(11,290)	41,815
Other general government	2,200	2,564	364	29,274
Total Other General Government	37,930	99,644	61,714	95,225
Total Revenues	\$ 2,522,262	\$ 2,793,705	\$ 271,443	\$ 2,506,174

VILLAGE OF HOBART, WISCONSIN
 General Fund
 Detailed Comparison of Budgeted and Actual Expenditures
 For the Year Ended December 31, 2012
 With Comparative Actual Amounts for the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
General Government				
Board	\$ 56,814	\$ 56,305	\$ 509	\$ 53,785
Municipal court	68,963	66,547	2,416	67,801
Legal	204,500	172,064	32,436	239,183
Administrator	61,105	58,855	2,250	60,396
Clerk	85,731	83,832	1,899	87,078
General government	20,750	15,951	4,799	22,091
Information technology	45,465	57,429	(11,964)	43,667
Elections	7,291	11,844	(4,553)	8,840
Audit and other accounting	4,570	5,348	(778)	4,134
Treasurer	33,776	28,999	4,777	29,176
Uncollected taxes and refunds	-	4,551	(4,551)	67,634
Assessor	27,600	28,460	(860)	29,976
General building and equipment	50,184	56,331	(6,147)	50,150
General insurance	26,290	22,194	4,096	27,638
Total General Government	693,039	668,710	24,329	791,549
Public Safety				
Police department	563,735	644,823	(81,088)	576,559
Fire department	386,596	352,339	34,257	347,028
Building inspection	56,393	57,308	(915)	57,725
Ambulance	52,100	53,091	(991)	43,526
First responders	6,408	971	5,437	1,075
Total Public Safety	1,065,232	1,108,532	(43,300)	1,025,913
Public Works				
Highway administration	48,799	40,649	8,150	36,031
Highway maintenance and construction	231,606	224,406	7,200	207,062
Street lighting	78,525	86,790	(8,265)	126,069
Garbage collection	285,528	254,556	30,972	218,499
Total Public Works	644,458	606,401	38,057	587,661
Health and Human Services				
Animal control	6,391	2,115	4,276	6,472
Culture and Recreation				
Parks	20,251	15,440	4,811	14,707
Conservation and Development				
Economic development	95,216	96,838	(1,622)	103,580
Gypsy moth grant	3,000	-	3,000	6,789
Planning	3,175	2,550	625	3,550
Memorial brick/tree	-	280	(280)	-
Total Conservation and Development	101,391	99,668	1,723	113,919
Total Expenditures	\$ 2,530,762	\$ 2,500,866	\$ 29,896	\$ 2,540,221

VILLAGE OF HOBART, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 873,539	\$ 804,009	\$ 804,009	\$ -
Special assessments	-	28,765	32,829	4,064
Other	35,311	6,546	6,555	9
Total Revenues	908,850	839,320	843,393	4,073
Expenditures				
Debt service				
Principal	521,750	521,750	521,750	-
Interest and fiscal charges	317,571	317,571	317,570	1
Total Expenditures	839,321	839,321	839,320	1
Excess of Revenues Over (Under) Expenditures	69,529	(1)	4,073	4,074
Other Financing Sources				
Transfers out	-	-	(4,073)	(4,073)
Net Change in Fund Balance	69,529	(1)	-	1
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ 69,529	\$ (1)	\$ -	\$ 1

VILLAGE OF HOBART, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Tax Incremental District #1 Capital Projects Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 317,340	\$ 317,340	\$ 370,159	\$ 52,819
Intergovernmental	-	-	3,480	3,480
Other	-	-	1,109	1,109
Total Revenues	317,340	317,340	374,748	57,408
Expenditures				
General government	1,065	1,065	-	1,065
Conservation and development	-	-	11,041	(11,041)
Debt service				
Principal	100,000	100,000	5,100,000	(5,000,000)
Interest and fiscal charges	234,443	234,443	339,355	(104,912)
Capital outlay	-	-	1,972,253	(1,972,253)
Total Expenditures	335,508	335,508	7,422,649	(7,087,141)
Excess of Revenues Over (Under) Expenditures	(18,168)	(18,168)	(7,047,901)	(7,029,733)
Other Financing Sources				
Long-term debt issued	-	-	5,210,000	5,210,000
Premium on debt issued	-	-	109,226	109,226
Transfers in	-	-	1,920,000	1,920,000
Total Other Financing Sources (Uses)	-	-	7,239,226	7,239,226
Net Change in Fund Balance	(18,168)	(18,168)	191,325	209,493
Fund Balance - January 1	1,832,886	1,832,886	1,832,886	-
Fund Balance - December 31	\$ 1,814,718	\$ 1,814,718	\$ 2,024,211	\$ 209,493

VILLAGE OF HOBART, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 484,000	\$ 484,000	\$ 484,000	\$ -
Intergovernmental	-	-	23,735	23,735
Total Revenues	<u>484,000</u>	<u>484,000</u>	<u>507,735</u>	<u>23,735</u>
Expenditures				
Capital outlay	<u>484,000</u>	<u>484,000</u>	<u>556,588</u>	<u>(72,588)</u>
Excess of Revenues Over (Under) Expenditures	-	-	(48,853)	(48,853)
Other Financing Sources				
Transfers in	-	-	4,073	4,073
Net Change in Fund Balance	-	-	(44,780)	(44,780)
Fund Balance - January 1	<u>666,203</u>	<u>666,203</u>	<u>666,203</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 666,203</u>	<u>\$ 666,203</u>	<u>\$ 621,423</u>	<u>\$ (44,780)</u>

VILLAGE OF HOBART, WISCONSIN

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Tax Incremental District #2 Capital Projects Fund

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other	\$ -	\$ -	\$ 313	\$ 313
Expenditures				
Conservation and development	-	-	128,457	(128,457)
Debt service				
Principal	35,207	-	-	-
Interest and fiscal charges	4,069	39,276	39,276	-
Capital outlay	-	-	4,582	(4,582)
Total Expenditures	<u>39,276</u>	<u>39,276</u>	<u>172,315</u>	<u>(133,039)</u>
Net Change in Fund Balance	(39,276)	(39,276)	(172,002)	(132,726)
Fund Balance - January 1	<u>299,080</u>	<u>299,080</u>	<u>299,080</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 259,804</u>	<u>\$ 259,804</u>	<u>\$ 127,078</u>	<u>\$ (132,726)</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how Hobart's financial performance and well-being have changed over time.</i>	54 - 59
Revenue Capacity	
<i>These schedules contain information to help the reader assess Hobart's most significant local revenue source, the property tax.</i>	60 - 63
Debt Capacity	
<i>These schedules present information to help assess the affordability of Hobart's current levels of outstanding debt and Hobart's ability to issue additional debt in the future.</i>	64 - 73
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Hobart's financial activities take place.</i>	74 - 75
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in Hobart's financial report relates to the services Hobart provides and the activities it performs.</i>	76 - 83

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

VILLAGE OF HOBART, WISCONSIN
Net Position by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ (8,205,902)	\$ (5,003,769)	\$ (3,968,843)	\$ (3,978,294)	\$ (2,750,144)	\$ (2,984,075)	\$ (2,808,581)	\$ (461,062)	\$ 1,844,162
Restricted for debt service	1,644,001	1,858,811	2,048,987	2,025,009	2,893,565	2,231,596	2,975,086	-	-
Restricted for capital projects	-	84,917	-	-	-	-	-	-	-
Restricted for subsequent year projects	-	-	-	-	-	-	-	-	54,229
Unrestricted	4,639,289	1,454,085	1,363,306	2,420,326	2,956,681	1,849,451	(1,455,816)	(2,648,131)	(3,933,870)
Total governmental activities net position	\$ (1,922,612)	\$ (1,605,956)	\$ (556,550)	\$ 467,041	\$ 3,100,102	\$ 1,096,972	\$ (1,289,311)	\$ (3,109,193)	\$ (2,035,479)
Business-type activities									
Invested in capital assets, net of related debt	\$ 3,618,668	\$ 3,654,329	\$ 3,901,744	\$ 4,103,865	\$ 4,520,238	\$ 6,638,133	\$ 7,546,488	\$ 10,100,028	\$ 9,836,695
Restricted for plant replacement	181,743	-	-	-	-	-	-	-	-
Unrestricted	2,688,838	2,898,544	2,693,297	2,589,853	2,842,413	2,974,635	2,906,144	2,640,075	2,122,898
Total business-type activities net position	\$ 6,489,249	\$ 6,552,873	\$ 6,595,041	\$ 6,693,718	\$ 7,362,651	\$ 9,612,768	\$ 10,452,632	\$ 12,740,103	\$ 11,959,593
Primary government									
Invested in capital assets, net of related debt	\$ (4,587,234)	\$ (1,349,440)	\$ (67,099)	\$ 125,571	\$ 1,770,094	\$ 3,654,058	\$ 4,737,907	\$ 9,638,966	\$ 11,680,857
Restricted for debt service	1,644,001	1,858,811	2,048,987	2,025,009	2,893,565	2,231,596	2,975,086	-	-
Restricted for capital projects	-	84,917	-	-	-	-	-	-	-
Restricted for subsequent year projects	-	-	-	-	-	-	-	-	54,229
Restricted for plant replacement	181,743	-	-	-	-	-	-	-	-
Unrestricted	7,328,127	4,352,629	4,056,603	5,010,179	5,799,094	4,824,086	1,450,328	(8,056)	(1,810,972)
Total primary government net position	\$ 4,566,637	\$ 4,946,917	\$ 6,038,491	\$ 7,160,759	\$ 10,462,753	\$ 10,709,740	\$ 9,163,321	\$ 9,630,910	\$ 9,924,114

Note:

For each fiscal year where the amount invested in capital assets net of related debt for governmental activities is negative the Village has elected, not to retroactively report its infrastructure assets.
For each fiscal year where the amount of unrestricted net position is negative the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts.

VILLAGE OF HOBART, WISCONSIN

Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	\$ 677,103	\$ 1,031,860	\$ 678,499	\$ 862,870	\$ 1,115,624	\$ 744,638	\$ 812,213	\$ 812,043	\$ 692,940
Public safety	540,422	681,968	709,320	768,584	856,368	1,103,792	980,844	1,196,094	1,208,225
Public works	671,706	752,807	885,329	660,492	598,413	635,985	624,912	758,866	791,467
Health and human services	-	-	-	-	-	-	-	6,472	2,115
Culture and recreation	-	-	22,441	12,052	29,786	17,102	19,086	33,267	30,068
Conservation and development	116,788	193,935	60,807	95,358	217,228	1,691,623	2,445,164	1,709,414	2,005,275
Interest on debt	664,039	694,094	384,483	356,249	617,230	623,611	729,645	668,157	695,699
Total governmental activities expenses	2,670,058	3,354,664	2,740,879	2,755,605	3,434,649	4,816,751	5,611,864	5,184,313	5,425,789
Business-type activities:									
Water utility	609,537	544,722	548,739	612,637	658,748	945,171	610,851	725,547	804,064
Sewer utility	481,450	552,920	699,454	640,548	653,868	681,687	710,856	741,163	765,339
Storm water utility	-	-	-	132,751	132,449	308,601	264,817	289,553	411,854
Total business-type activities expenses	1,090,987	1,097,642	1,248,193	1,385,936	1,445,065	1,935,459	1,586,524	1,756,263	1,981,257
Total primary government expenses	\$ 3,761,045	\$ 4,452,306	\$ 3,989,072	\$ 4,141,541	\$ 4,879,714	\$ 6,752,210	\$ 7,198,388	\$ 6,940,576	\$ 7,407,046

(Continued)

VILLAGE OF HOBART, WISCONSIN

Changes in Net Position
Last Nine Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 50,893	\$ 132,948	\$ 270,856	\$ 295,993	\$ 223,901	\$ 221,576	\$ 267,171	\$ 152,674	\$ 176,844
Public safety	127,967	66,367	67,767	64,502	102,549	117,370	144,909	305,559	366,632
Public works	249,318	234,622	220,289	281,753	248,957	372,755	377,767	378,614	372,446
Culture and recreation	-	-	5,545	3,425	4,580	3,750	9,148	10,909	41,137
Conservation and development	20,348	10,545	8,919	8,297	5,744	4,631	3,641	4,395	2,389
Interest on debt	466,184	111,684	-	-	-	-	-	-	-
Operating grants and contributions	341,308	299,710	347,368	360,791	423,517	468,223	316,680	374,038	313,301
Capital grants and contributions	-	28,817	10,818	1,142	5,125	-	-	294,654	259,029
Total governmental activities program revenues	<u>1,256,018</u>	<u>884,693</u>	<u>931,562</u>	<u>1,015,903</u>	<u>1,014,373</u>	<u>1,188,305</u>	<u>1,119,316</u>	<u>1,520,843</u>	<u>1,531,778</u>
Business-type activities:									
Charges for services:									
Water utility	543,608	587,375	563,229	574,185	576,105	624,600	585,122	735,753	835,087
Sewer utility	358,627	334,956	348,635	358,611	583,917	537,004	499,039	567,769	748,137
Storm water utility	-	-	-	126,455	456,001	457,177	454,700	465,422	451,273
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	20,000	119,556	35,979	65,978	237,363	-	-	1,114,070	1,204,783
Total business-type activities program revenues	<u>922,235</u>	<u>1,041,887</u>	<u>947,843</u>	<u>1,125,229</u>	<u>1,853,386</u>	<u>1,618,781</u>	<u>1,538,861</u>	<u>2,883,014</u>	<u>3,239,280</u>
Total primary government program revenues	<u>\$ 2,178,253</u>	<u>\$ 1,926,580</u>	<u>\$ 1,879,405</u>	<u>\$ 2,141,132</u>	<u>\$ 2,867,759</u>	<u>\$ 2,807,086</u>	<u>\$ 2,658,177</u>	<u>\$ 4,403,857</u>	<u>\$ 4,771,058</u>
Net (expense)/revenue									
Governmental activities	\$ (1,414,040)	\$ (2,469,971)	\$ (1,809,317)	\$ (1,739,702)	\$ (2,420,276)	\$ (3,628,446)	\$ (4,492,548)	\$ (3,663,470)	\$ (3,894,011)
Business-type activities	(168,752)	(55,755)	(300,350)	(260,707)	408,321	(316,678)	(47,663)	1,126,751	1,258,023
Total primary government net expense	<u>\$ (1,582,792)</u>	<u>\$ (2,525,726)</u>	<u>\$ (2,109,667)</u>	<u>\$ (2,000,409)</u>	<u>\$ (2,011,955)</u>	<u>\$ (3,945,124)</u>	<u>\$ (4,540,211)</u>	<u>\$ (2,536,719)</u>	<u>\$ (2,635,988)</u>

(Continued)

VILLAGE OF HOBART, WISCONSIN

Changes in Net Position

Last Nine Fiscal Years

(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Position									
Governmental activities:									
Taxes									
Property taxes	\$ 1,688,951	\$ 2,267,523	\$ 2,037,262	\$ 2,091,626	\$ 2,140,964	\$ 2,244,255	\$ 2,314,555	\$ 2,475,962	\$ 2,952,098
Other taxes	144,533	64,772	155,331	29,662	2,087	3,093	16,967	48,810	63,728
Unrestricted state and federal aids	101,843	101,983	102,566	101,492	105,879	100,895	86,420	85,646	68,438
Interest earnings	174,952	222,507	430,814	391,204	270,039	267,584	114,206	57,359	29,187
Miscellaneous	37,951	25,144	31,640	42,426	2,229,016	105,101	132,660	113,682	76,045
Transfers	117,236	104,698	101,110	106,881	104,412	(2,223,672)	(558,545)	(937,871)	1,948,646
Total governmental activities	2,265,466	2,786,627	2,858,723	2,763,291	4,852,397	497,256	2,106,263	1,843,588	5,138,142
Business-type activities:									
Taxes									
Property taxes	240,000	-	324,228	324,228	324,228	324,228	294,028	194,074	69,530
Interest earnings	109,466	100,577	53,112	49,435	37,006	12,378	9,801	4,375	778
Miscellaneous	21,950	123,499	66,288	92,601	3,790	6,517	25,153	24,400	35,800
Transfers	(117,236)	(104,698)	(101,110)	(106,881)	(104,412)	2,223,672	558,545	937,871	(1,948,646)
Total business-type activities	254,180	119,378	342,518	359,383	260,612	2,566,795	887,527	1,160,720	(1,842,538)
Total primary government	\$ 2,519,646	\$ 2,906,005	\$ 3,201,241	\$ 3,122,674	\$ 5,113,009	\$ 3,064,051	\$ 2,993,790	\$ 3,004,308	\$ 3,295,604
Change in Net Position									
Governmental activities	\$ 851,426	\$ 316,656	\$ 1,049,406	\$ 1,023,589	\$ 2,432,121	\$ (3,131,190)	\$ (2,386,285)	\$ (1,819,882)	\$ 1,244,131
Business-type activities	85,428	63,623	42,168	98,676	668,933	2,250,117	839,864	2,287,471	(584,515)
Total primary government	\$ 936,854	\$ 380,279	\$ 1,091,574	\$ 1,122,265	\$ 3,101,054	\$ (881,073)	\$ (1,546,421)	\$ 467,589	\$ 659,616

VILLAGE OF HOBART, WISCONSIN
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved										
Delinquent tax/assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,077	\$ 262,128	\$ -	\$ -
Unreserved										
Designated										
Undesignated	380,725	474,772	664,940	875,394	521,609	538,770	497,855	760,130	-	-
Nonspendable										
Delinquent tax/assessments	-	-	-	-	-	-	-	-	234,996	244,212
Restricted										
Park development	-	-	-	-	-	-	-	-	-	48,365
Memorial brick/trees	-	-	-	-	-	-	-	-	-	5,864
Unassigned	-	-	-	-	-	-	-	-	885,672	1,143,712
Total general fund	\$ 380,725	\$ 474,772	\$ 664,940	\$ 875,394	\$ 521,609	\$ 538,770	\$ 729,932	\$ 1,022,258	\$ 1,120,668	\$ 1,442,153
All other governmental funds										
Reserved, reported in:										
Special revenue fund	\$ 2,217,565	\$ 2,231,755	\$ 7,942,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	2,847,713	1,644,001	1,858,811	2,048,987	2,025,009	2,893,565	8,681,596	2,975,086		
Unreserved										
Designated, reported in:										
Special revenue fund	931,158	813,096	-	-	-	-	-	-	-	-
Tax increment districts	-	-	-	-	-	-	6,286,562	2,976,596		
Capital projects fund	(71,337)	(136,295)	(369,860)	(367,545)	1,249,890	282,700	358,744	319,513		
Assigned, reported in:										
Tax increment districts	-	-	-	-	-	-	-	-	\$ 2,131,966	\$ 2,151,289
Capital projects fund	-	-	-	-	-	-	-	-	666,203	621,423
Total all other governmental funds	\$ 5,925,099	\$ 4,552,557	\$ 9,430,999	\$ 1,681,442	\$ 3,274,899	\$ 3,176,265	\$ 15,326,902	\$ 6,271,195	\$ 2,798,169	\$ 2,772,712
Total governmental funds	\$ 6,305,824	\$ 5,027,329	\$ 10,095,939	\$ 2,556,836	\$ 3,796,508	\$ 3,715,035	\$ 16,056,834	\$ 7,293,453	\$ 3,918,837	\$ 4,214,865

Note:
Years 2003 - 2010 are presented in accordance with generally accepted accounting principles in effect prior to the implementation of GASB Statement #54.
Years 2011 - 2012 are presented in accordance with the requirements of GASB Statement #54.
The Village implemented GASB Statement No. 34 as of and for the year ended December 31, 2004. Accordingly, data prior to 2004 is not available.

VILLAGE OF HOBART, WISCONSIN
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses)										
Long-term debt issued	10,397,065	-	-	335,240	2,430,000	7,930,000	12,975,500	2,962,517	2,585,000	5,210,000
Bond anticipation notes issued	-	7,720,000	-	-	-	-	-	-	-	-
Paid to refunding bond escrow agent	(2,280,000)	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	21,807	43,046	109,226
Transfers in	-	117,236	104,698	8,137,736	551,725	902,006	111,828	1,487,591	1,092,059	1,952,719
Transfers out	-	-	-	(8,036,626)	(444,844)	(797,594)	-	(1,115,494)	(2,029,930)	(4,073)
Total other financing sources (uses)	8,117,065	7,837,236	104,698	436,350	2,536,881	8,034,412	13,087,328	3,356,421	1,690,175	7,267,872
Net change in fund balances	\$ 4,782,170	\$ (1,278,495)	\$ 5,068,610	\$ (7,539,103)	\$ 1,239,670	\$ 1,735,058	\$ 10,525,268	\$ (8,763,383)	\$ (3,374,616)	\$ 296,028
Debt service as a percentage of noncapital expenditures	15.5%	85.5%	47.0%	83.3%	35.4%	54.8%	41.5%	79.7%	53.1%	70.5%

VILLAGE OF HOBART, WISCONSIN
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Forest Crop Tax	Tax Exempt Tax	Interest On Tax	Use Value Tax	Total
2003	\$ 1,531,204	\$ 78	\$ 117,501	\$ -	\$ -	\$ 1,648,783
2004	1,696,246	91	137,147	-	-	1,833,484
2005	2,323,752	61	1,374	6,278	830	2,332,295
2006	2,047,562	49	138,480	5,147	1,355	2,192,593
2007	2,112,369	49	1,459	6,199	1,212	2,121,288
2008	2,140,964	411	1,504	-	172	2,143,051
2009	2,244,255	52	1,550	-	1,491	2,247,348
2010	2,314,555	250	1,596	14,762	359	2,331,522
2011	2,475,962	52	1,644	7,308	(146)	2,484,820
2012	2,952,098	61	1,693	11,911	6,003	2,971,766

VILLAGE OF HOBART, WISCONSIN
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended December 31	Real Property			Personal Property		Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Taxable Valuation	Assessed Value as a Percentage of Actual Value
	Residential	Commercial and Manufacturing	Other	Machinery and Equipment	Other				
2003	\$ 359,173,400	\$ 49,682,900	\$ 8,027,900	\$ 5,026,200	\$ 590,600	422,501,000	\$ 3.4600	\$ 486,109,000	86.91%
2004	391,858,900	50,552,000	7,121,100	5,473,800	842,200	455,848,000	3.8600	532,325,600	85.63%
2005	415,966,400	52,426,600	6,886,300	6,400,000	1,153,900	482,833,200	4.5700	587,198,100	82.23%
2006	427,056,900	56,285,700	7,883,800	6,551,900	1,073,200	498,851,500	4.8900	622,786,100	80.10%
2007	542,991,500	57,182,000	10,217,500	6,296,600	1,296,000	617,983,600	4.8400	609,943,300	101.32%
2008	547,781,700	61,953,200	9,052,800	7,301,500	817,200	626,906,400	3.9900	631,037,600	99.35%
2009	553,678,600	62,958,000	8,806,600	7,375,900	1,619,900	634,439,000	4.1000	629,680,100	100.76%
2010	549,713,800	64,821,300	9,246,200	7,906,900	1,103,200	632,791,400	4.1000	615,521,000	102.81%
2011	559,262,300	73,002,600	9,241,500	6,800,100	1,057,800	649,364,300	4.2000	628,620,700	103.30%
2012	572,047,000	77,923,300	9,254,400	6,383,600	1,283,000	666,891,300	4.2000	641,048,400	104.03%

Note: Information obtained from Statistical Reports of Property Values, Bureau of Property Tax, Wisconsin Department of Revenue.
 Wisconsin State Statute 70.05 (5) (b) requires each taxation district to assess property at full value at least once in every 5-year period.
 In 2007, a Village-wide revaluation was completed.

VILLAGE OF HOBART, WISCONSIN
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Direct Rate		Overlapping Rates								Total Direct & Overlapping Rates
	Village of Hobart		State of Wisconsin		County		School District		Technical College		
	Rate	Percent	Rate	Percent	Rate	Percent	Rate	Percent	Rate	Percent	
2003	3.46	14.7%	0.21	0.9%	5.93	25.2%	12.24	51.9%	1.73	7.3%	23.57
2004	3.86	15.6%	0.23	0.9%	6.35	25.6%	12.49	50.4%	1.83	7.4%	24.76
2005	4.57	17.9%	0.23	0.9%	6.03	23.6%	12.88	50.5%	1.80	7.1%	25.51
2006	4.89	21.0%	0.23	1.0%	5.66	24.3%	10.72	46.0%	1.82	7.8%	23.32
2007	4.84	20.1%	0.22	0.9%	5.84	24.3%	11.32	47.1%	1.83	7.6%	24.05
2008	3.99	20.5%	0.17	0.9%	4.42	22.7%	9.44	48.5%	1.45	7.4%	19.47
2009	4.10	20.8%	0.17	0.9%	4.87	24.7%	9.11	46.1%	1.49	7.5%	19.74
2010	4.10	20.5%	0.17	0.9%	4.86	24.3%	9.30	46.6%	1.53	7.7%	19.96
2011	4.20	20.3%	0.17	0.8%	4.73	22.9%	9.99	48.5%	1.57	7.6%	20.66
2012	4.20	20.2%	0.16	0.8%	4.55	21.9%	10.33	49.7%	1.58	7.6%	20.82

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

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

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

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

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

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

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

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

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

Tax Rates shown do not reflect the Tax Credit.

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

VILLAGE OF HOBART, WISCONSIN

Principal Property Taxpayers
Current Year and 9 Years Prior

Taxpayer	Type of Business	2012			2004		
		Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation*	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation**
Oneida Tribe of Indians	Tribal enterprises	\$ 30,654,200	1	4.72%			
Hobart Logistics	Warehouses	11,105,100	2	1.71%	\$ 9,829,300	1	2.33%
EMT Properties	Web processing designers & manufacturers	4,100,000	3	0.63%			
Layden Drive Estates	Apartments	3,856,000	4	0.59%			
Centennial Centre LLC	Developer	3,757,700	5	0.58%			
PPD Investments LLC	Real estate	3,170,700	6	0.49%	4,899,800	2	1.16%
VanRite Properties	Real estate / construction	2,694,500	7	0.41%	1,855,100	7	0.44%
Individual	Real estate	2,485,400	8	0.38%	2,818,600	5	0.67%
Lexington Homes	Real estate	2,362,500	9	0.36%			
Individual	Real estate	2,054,800	10	0.32%	1,398,100	8	0.33%
Andrew Homes	Residential development				3,614,000	3	0.86%
Thornberry Creek at Oneida	Golf Course operations				3,410,500	4	0.81%
High View Custom Fab	Metal fabricator				2,137,500	6	0.51%
Trout Creek LLC	Semi-private golf course				1,380,700	9	0.33%
SUN Investments	Molding and millwork				1,162,500	10	0.28%
Totals		<u>\$ 66,240,900</u>		<u>10.20%</u>	<u>\$ 32,506,100</u>		<u>7.69%</u>

* 2011 Assessed Valuation \$649,364,300

** 2003 Assessed Valuation \$422,501,000

Information obtained from the Village of Hobart.

VILLAGE OF HOBART, WISCONSIN
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 1,520,117	1,402,319	92.25%	117,189	\$ 1,519,508	99.96%
2004	1,931,602	1,890,160	97.85%	40,887	1,931,047	99.97%
2005	2,279,523	2,219,121	97.35%	58,868	2,277,989	99.93%
2006	2,361,485	2,257,510	95.60%	90,580	2,348,090	99.43%
2007	2,415,855	2,151,835	89.07%	252,557	2,404,392	99.53%
2008	2,465,192	2,124,223	86.17%	268,494	2,392,717	97.06%
2009	2,568,483	2,410,800	93.86%	103,640	2,514,440	97.90%
2010	2,601,904	2,431,744	93.46%	123,926	2,555,670	98.22%
2011	2,657,919	2,547,655	95.85%	55,606	2,603,261	97.94%
2012	2,651,470	2,553,485	96.30%	41,076	2,594,561	97.85%

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

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

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

VILLAGE OF HOBART, WISCONSIN
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Assessed Valuation (1)	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Notes	Bond Anticipation Notes	Note Anticipation Notes	TIF General Obligation Notes	TIF Note Anticipation Notes	General Obligation Notes	Bond Anticipation Notes	Note Anticipation Notes	Green Bay MSD Notes Payable				
2003	\$ 9,210,843	\$ 7,720,000				\$ 58,596	\$ 8,545,000		\$ 1,706,226	\$ 27,240,665	6.45%	5.74%	\$ 5,014
2004	7,076,769	7,720,000				40,017	8,255,000		1,613,765	24,705,551	5.42%	4.90%	4,503
2005	6,113,201	7,720,000				648,027	5,260,000		3,695,992	23,437,220	4.85%	4.59%	4,124
2006	5,395,763					665,617	5,020,000		3,543,193	14,624,573	2.93%	2.62%	2,568
2007	4,937,311		\$ 2,010,000			627,872	4,780,000		3,384,224	15,739,407	2.55%	2.89%	2,680
2008	4,225,370		7,930,000			597,955	4,635,000		3,232,328	20,620,653	3.29%	3.67%	3,510
2009	3,554,714		14,380,000	\$ 1,525,500	\$ 5,000,000	587,252	4,635,000		3,074,588	32,757,054	5.16%	6.66%	5,582
2010	4,746,892		7,560,000	1,895,000	5,000,000	580,763	4,635,000	\$ 1,125,000	2,910,757	28,453,412	4.50%	5.24%	4,603
2011	8,596,750			1,895,000	7,585,000	4,481,757			2,740,582	25,299,089	3.90%	N/A	3,975
2012	8,075,000			4,875,000	4,715,000	6,119,391			2,570,054	26,354,445	3.95%	N/A	4,054

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

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

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

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

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

VILLAGE OF HOBART, WISCONSIN
Ratios of Net General Obligation Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Notes	TIF General Obligation Notes	Water & Sewer General Obligation Notes	Less Amounts Available in Debt Service Fund	Less TIF District Revenues	Less Water & Sewer Revenues	Net General Obligation Debt	Percentage of Net Debt to Estimated Actual Value (1)	Net Debt Per Capita (2)
2003	\$ 9,210,843		\$ 58,596	\$ 2,847,713		\$ 58,596	\$ 6,363,130	1.31%	\$ 1,171.20
2004	7,076,769		40,017	1,644,001		40,017	5,432,768	1.02%	990.30
2005	6,113,201		648,027	1,858,811		648,027	4,254,390	0.72%	748.62
2006	5,395,763		665,617	2,048,987		665,617	3,346,776	0.54%	587.77
2007	4,937,311		627,872	2,025,009		627,872	2,912,302	0.48%	495.88
2008	4,225,370		597,955	2,893,565		597,955	1,331,805	0.21%	226.69
2009	3,554,714	\$ 1,525,500	587,252	2,231,596	\$ 1,525,500	587,252	1,323,118	0.21%	225.48
2010	4,746,892	1,895,000	580,763	2,975,086	1,895,000	580,763	1,771,806	0.29%	286.61
2011	8,596,750	1,895,000	4,481,757	-	1,895,000	4,481,757	8,596,750	1.37%	1,350.84
2012	8,075,000	4,875,000	6,119,391	-	4,875,000	6,119,391	8,075,000	1.26%	1,242.12

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

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

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

VILLAGE OF HOBART, WISCONSIN
 Debt Service Requirements to Maturity
 General Obligation Notes
 Scheduled to be Repaid from Governmental Activities
 December 31, 2012

Year	Principal	Interest	Total Requirements
2013	499,500	\$ 298,188	\$ 797,688
2014	386,000	277,844	663,844
2015	6,634,750	144,463	6,779,213
2016	234,750	15,678	250,428
2017	124,750	8,828	133,578
2018	27,500	6,134	33,634
2019	27,500	5,453	32,953
2020	27,500	4,628	32,128
2021	27,500	3,803	31,303
2022	27,500	2,951	30,451
2023	27,500	2,057	29,557
2024	30,250	1,043	31,293
Total	<u>\$ 8,075,000</u>	<u>\$ 771,070</u>	<u>\$ 8,846,070</u>

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

VILLAGE OF HOBART
Debt Service Requirements to Maturity
General Obligation Notes
Scheduled to be Repaid from Tax Increment District Revenues
December 31, 2012

Year	Principal	Interest	Total Requirements
2013	\$ 240,000	\$ 162,465	\$ 402,465
2014	250,000	144,051	394,051
2015	265,000	137,764	402,764
2016	265,000	131,136	396,136
2017	275,000	123,988	398,988
2018	285,000	116,166	401,166
2019	290,000	107,660	397,660
2020	300,000	98,473	398,473
2021	310,000	88,582	398,582
2022	325,000	77,889	402,889
2023	335,000	66,460	401,460
2024	345,000	54,367	399,367
2025	355,000	41,491	396,491
2026	370,000	27,591	397,591
2027	210,000	17,200	227,200
2028	225,000	10,619	235,619
2029	230,000	3,593	233,593
Total	<u>\$ 4,875,000</u>	<u>\$ 1,409,495</u>	<u>\$ 6,284,495</u>

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

VILLAGE OF HOBART
 Debt Service Requirements to Maturity
 TIF Note Anticipation Notes
 Scheduled to be Repaid from Tax Increment District Revenues
 December 31, 2012

Year	Principal	Interest	Total Requirements
2013		\$ 121,466	\$ 121,466
2014		114,375	114,375
2015		114,375	114,375
2016	\$ 2,585,000	114,375	2,699,375
2017	2,130,000	25,028	2,155,028
Total	\$ 4,715,000	\$ 489,619	\$ 5,204,619

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

VILLAGE OF HOBART, WISCONSIN
 Debt Service Requirements to Maturity
 Water Utility General Obligation Notes
 December 31, 2012

Year	Principal	Interest	Total Requirements
2013	\$ 149,265	\$ 111,290	\$ 260,555
2014	150,257	107,161	257,418
2015	155,800	102,943	258,743
2016	161,365	98,567	259,932
2017	166,954	94,031	260,985
2018	168,036	89,404	257,440
2019	173,671	84,379	258,050
2020	183,861	78,798	262,659
2021	189,545	72,783	262,328
2022	317,552	64,445	381,997
2023	327,817	53,532	381,349
2024	347,168	41,682	388,850
2025	380,135	28,548	408,683
2026	385,952	14,291	400,243
2027	61,145	6,354	67,499
2028	62,490	4,996	67,486
2029	63,864	3,606	67,470
2030	65,270	2,186	67,456
2031	66,705	734	67,439
Total	<u>\$ 3,576,852</u>	<u>\$ 1,059,730</u>	<u>\$ 4,636,582</u>

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

VILLAGE OF HOBART, WISCONSIN
 Debt Service Requirements to Maturity
 Sewer Utility General Obligation Notes
 December 31, 2012

Year	Principal	Interest	Total Requirements
2013	\$ 221,322	\$ 80,108	\$ 301,430
2014	114,822	66,822	181,644
2015	126,542	63,616	190,158
2016	132,013	60,083	192,096
2017	132,483	56,466	188,949
2018	137,483	52,774	190,257
2019	140,203	48,924	189,127
2020	146,144	44,832	190,976
2021	146,615	40,628	187,243
2022	164,789	36,095	200,884
2023	172,980	31,126	204,106
2024	174,862	25,865	200,727
2025	158,405	20,287	178,692
2026	163,876	15,178	179,054
2027	135,000	10,518	145,518
2028	135,000	6,434	141,434
2029	140,000	2,186	142,186
Total	\$ 2,542,539	\$ 661,942	\$ 3,204,481

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

VILLAGE OF HOBART, WISCONSIN
 Debt Service Requirements to Maturity
 Green Bay Metropolitan Sewerage District Notes
 December 31, 2012

Year	Principal	Interest	Total Requirements
2013	\$ 177,416	\$ 106,008	\$ 283,424
2014	184,592	98,832	283,424
2015	192,069	91,355	283,424
2016	199,859	83,565	283,424
2017	207,976	75,447	283,423
2018	216,434	66,990	283,424
2019	225,247	58,177	283,424
2020	234,429	48,994	283,423
2021	239,324	39,426	278,750
2022	249,294	29,456	278,750
2023	141,627	19,067	160,694
2024	147,717	12,977	160,694
2025	154,070	6,624	160,694
	<u>\$ 2,570,054</u>	<u>\$ 736,918</u>	<u>\$ 3,306,972</u>

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

VILLAGE OF HOBART, WISCONSIN
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2012

<u>Governmental Unit</u>	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct Debt:			
Village of Hobart	<u>\$ 19,069,391</u>	100.000%	<u>\$ 19,069,391</u>
Overlapping Debt:			
Pulaski Community School District	10,450,000	28.650%	2,993,925
West De Pere School District	39,670,000	10.760%	4,268,492
Brown County	141,083,346	3.450%	4,867,375
Northeast Wisconsin Technical College	<u>36,195,000</u>	1.640%	<u>593,598</u>
Total Overlapping Debt	<u>227,398,346</u>		<u>12,723,390</u>
Total Direct and Overlapping Debt	<u>\$ 246,467,737</u>		<u>\$ 31,792,781</u>

Source: Information on overlapping debt was obtained from Village financial consultant, Lantern Associates, LLC. The Village share percentage was obtained from each jurisdictions tax levy reports as allocated by estimated actual valuations.

VILLAGE OF HOBART, WISCONSIN
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$24,305,450	\$26,616,280	\$29,359,905	\$31,139,305	\$30,497,165	\$31,551,880	\$ 31,484,005	\$ 30,776,050	\$ 31,431,035	\$ 32,052,420
Total net debt applicable to limit	9,176,726	5,472,784	4,902,417	4,012,393	3,540,174	1,929,760	3,435,870	4,247,569	14,973,507	19,069,391
Legal debt margin	\$15,128,724	\$21,143,496	\$24,457,488	\$27,126,912	\$26,956,991	\$29,622,120	\$ 28,048,135	\$ 26,528,481	\$ 16,457,528	\$ 12,983,029
Total net debt applicable to the limit as a percentage of debt limit	37.76%	20.56%	16.70%	12.89%	11.61%	6.12%	10.91%	13.80%	47.64%	59.49%

Computation of Legal Debt Margin
 12/31/2031

Equalized Value	<u>\$ 641,048,400</u>
Debt limitation - 5 percent of total equalized value	\$ 32,052,420
Debt applicable to limitation	
Total outstanding general debt	\$ 23,784,391
Less: Note Anticipation Notes	<u>(4,715,000)</u>
Total debt applicable to limitation	<u>19,069,391</u>
Legal Debt Margin	<u>\$ 12,983,029</u>

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

VILLAGE OF HOBART, WISCONSIN
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	Personal Income (amounts expressed in dollars)	(2) Per Capita Personal Income	(3) Unemployment Rate	(4) Median Age
2003	5,433	\$ 474,246,570	\$ 87,290	5.2%	34.2
2004	5,486	504,585,822	91,977	4.7%	34.2
2005	5,683	510,253,838	89,786	4.6%	34.2
2006	5,694	557,693,136	97,944	4.5%	34.2
2007	5,873	544,333,132	92,684	4.6%	36.0
2008	5,875	561,644,125	95,599	4.5%	36.0
2009	5,868	491,673,852	83,789	7.8%	35.0
2010	6,182	542,686,870	87,785	7.5%	43.4
2011	6,364	N/A	N/A	6.8%	N/A
2012	6,501	N/A	N/A	5.9%	N/A

(1) Wisconsin Department of Administration.

(2) Wisconsin Department of Revenue.

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

(4) Brown County Wisconsin City-Data

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

VILLAGE OF HOBART, WISCONSIN

Principal Employers

Current Year and Nine years Ago

Employer	Nature of Business	<u>2012 Employees</u>	<u>2003 Employees</u>
EMT International	Web processing designers and manufacturers	101	*
Bayland Buildings - BayCo Properties	Real estate, commercial construction	135	60
Thornberry Creek at Oneida	Golf course and country club	50	51
High View Custom Fab - HCF Inv.	Metal fabricator	62	59
Robert E. Lee & Associates	Engineering consultant firm	48	59
Centerline Machine & Grinding	Metal fabricator	20	*

Source: Information on principal employers was obtained from Village financial consultant, Lantern Associates, LLC.

* Business not in Village at this time

VILLAGE OF HOBART, WISCONSIN
 Full-time Equivalent Village of Hobart Employees by Function
 Last Ten Fiscal Years

FUNCTION	TITLE/POSITION	FY 2003 FTEs	FY 2004 FTEs	FY 2005 FTEs	FY 2006 FTEs	FY 2007 FTEs	FY 2008 FTEs	FY 2009 FTEs	FY 2010 FTEs	FY 2011 FTEs	FY 2012 FTEs
ADMINISTRATION											
	Village Administrator	1.00	1.00	1.00	1.00	1.00	2.00	2.00	1.00	1.00	1.00
	Intern/ Executive or Management Assistant	0.00	0.00	0.50	0.50	0.50	0.00	0.00	0.00	0.00	0.00
CLERK/TREASURER & VILLAGE OFFICE											
	Clerk/Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Deputy Clerk/Treasurer, Utility Billing Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Municipal Court/Administrative Clerk	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
	Police/Administrative Clerk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
MUNICIPAL COURT											
	Municipal Court/Administrative Clerk	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
HOBART/LAWRENCE POLICE DEPARTMENT											
	Police Chief	1.00	0.65	0.65	0.65	0.65	0.65	0.65	0.875	0.875	0.875
	Patrol Officers *	1.875	2.50	2.50	1.50	3.50	4.00	5.00	5.00	5.00	5.00
	Police/Administrative Clerk	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
DEPARTMENT OF NEIGHBORHOOD SERVICES											
	Director of Neighborhood Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
	Building Inspector/Zoning Administrator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
	Public Works & Utilities Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Water/Sewer Operator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Public Works/Utilities Crew	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
DEPARTMENT OF COMMUNITY DEVELOPMENT											
	Director of Community Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50
DEPARTMENT OF TRIBAL AFFAIRS											
	Director of Tribal Affairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	0.50
TOTAL FTEs ALL DEPARTMENTS		12.675	12.950	13.450	12.450	14.450	15.450	16.450	16.675	16.675	16.675
Winter/summer seasonals and elected officials not included in FTE count.											

VILLAGE OF HOBART, WISCONSIN
 Operating Indicators by Function- Last Four Years

FUNCTION: GENERAL GOVERNMENT

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012
Square Miles	33	33	33	33
Population	5868	6182	6364	6501
Real Estate Parcels	3414	3414	3617	3646
Population	5868	6182	6364	6501
Dog Licenses Issued	213	196	211	218
Elections Held	2	3	4	5
Registered Voters	3866	3883	3938	4727
Voters Served All elections	2661	4765	6338	11301
Ordinance & Ordinance Amendments Approved	7	7	9	7
Resolutions Approved	41	33	27	16
Village Board Meetings Held	45	35	36	33
Alarm Permits Issued	n/a	n/a	7	121
Public Hearings Noticed/Held	14	13	15	14
Hearing Notices Mailed	224	221	255	234
Receipts (ACH Transactions only)	n/a	n/a	34	186
Checks Processed	n/a	n/a	4880	5068
ACH payments processed	n/a	n/a	676	754
Accounting Consultant Hours	n/a	n/a	340.5	427.5

Note: Information is presented for the years for which it is available.

VILLAGE OF HOBART, WISCONSIN
 Operating Indicators by Function- Last Four Years

FUNCTION: ADMINISTRATION & FINANCE

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012
Village Tax Rate*	\$4.10	\$4.20	\$4.20	\$4.17
Levy for Village Operations*	\$2,601,904	\$2,657,094	\$2,651,469	\$2,637,636
Village Population	5868	6182	6364	6501
Levy Per Capita*	\$443	\$430	\$417	\$406
Debt Service as % of Levy*	31.99%	34.62%	32.95%	28.97%
G.O. Debt Levied*	\$832,313	\$919,820	\$873,539	\$764,011
G.O. Debt Levied Per Capita*	\$141.84	\$148.79	\$137.26	\$117.52
Total Full Time Equivalent Employees ("FTEs") (excluding Fire/Seasonals)	15.45	16.60	16.60	16.675
FTEs per capita	0.00263	0.00269	0.00261	0.00256
Village Bond Rating (Standard & Poor's)	AA-	AA-	AA-	AA
Total Village Assessed Value as of January 1	\$634,439,000	\$ 632,791,400	\$649,364,300	\$666,891,300
Total Increment Value- TID #1 as of January 1	n/a	\$1,678,300	\$18,199,700	\$31,419,000
Total Increment Value- TID #2 as of January 1	n/a	n/a	n/a	\$2,712,216
* Actual Year Levied, Payable the following year.				

Note: Information is presented for the years for which it is available.

VILLAGE OF HOBART, WISCONSIN
 Operating Indicators by Function- Last Three Years

FUNCTION: POLICE & COURT

Activity/Program Area	FY2010	FY2011	FY2012
Law Enforcement			
<i>Total Calls for Service</i>	5,619	5,629	6,131
<i>Neighborhood Watch(NW) Groups</i>			13
<i>NW Meetings Held</i>			2
<i>NW Greetings</i>			25
<i>House Check Performed</i>			112
<i>Total Citations</i>	876	677	1,613
<i>Non-Traffic Citations</i>	67	120	128
<i>Property Crimes</i>	87	89	168
<i>Person-to-Person Crimes</i>			14
Municipal Court			
<i>Total Adult Citations</i>	32	31	24
<i>Total Juvenile Citations</i>	55	69	24
<i>Total Cases Disposed of</i>	995	825	1,305

Note: Information is presented for the years for which it is available.

VILLAGE OF HOBART, WISCONSIN
Operating Indicators by Function- Last Four Years

FUNCTION: FIRE & RESCUE

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012
Incidents				
<i>Total Incidents</i>	83.0	78.0	96.0	93.0
<i>Structure Fires</i>	25.0	23.0	23.0	21.0
<i>Vehicle Incidents</i>	18.0	26.0	23.0	24.0
<i>Brush / Wildland</i>	9.0	7.0	9.0	8.0
<i>MABAS(Mutual Aid Box Alarm System)</i>	11.0	5.0	15.0	18.0
<i>False Alarms</i>	20.0	17.0	26.0	22.0
Response Times				
<i>*Average Response from dispatch to arrival (Minutes)</i>	8.2	8.6	8.5	8.3
<i>Average Length of Call (Hours)</i>	1.3	1.4	1.1	1.3
<i>Average Personnel per Incident</i>	9.0	7.0	7.0	7.0
Personnel Participation				
<i>Average Personnel at Meetings</i>	25.6	25.0	22.0	21.5
<i>Average Personnel at Trainings</i>	26.3	23.0	20.0	20.0
<i>**Average Personnel at Maintenance night</i>	n/a	n/a	n/a	7.0
Fire Safety Activities				
<i>Public Education Activites</i>	10.0	9.0	11.0	18.0
<i>Fire Inspections</i>	187.0	190.0	207.0	203.0
Population & Membership				
<i>Total Firefighters</i>	35.0	29.0	29.0	28.0
<i>Population Served</i>	5868	5928	6364	6501
<i>Firefighters per Capita</i>	0.0060	0.0049	0.0046	0.0043
Rescue Services (provided by County)				
<i>Medical Service Calls</i>	217.0	248.0	262.0	296.0
<i>*Does not include MABAS incidents</i>				
<i>**Attendance is required for 5 Firefighters per event</i>				

Note: Information is presented for the years for which it is available.

VILLAGE OF HOBART, WISCONSIN

Operating Indicators by Function- Last Three Years

FUNCTION: PUBLIC WORKS & UTILITIES

Activity/Program Area	Measurement	FY2010	FY2011	FY2012
Infrastructure Inventory				
<i>Road Lanes</i>	Miles	83.0	83.6	84.6
<i>Sewer Mains</i>	Lineal Feet	139,359.0	145,653.0	155,685.0
<i>Water Mains</i>	Lineal Feet	208,256.0	218,830.0	219,967.0
<i>Storm Mains</i>	Lineal Feet	45,821.0	50,659.0	54,154.0
Snow Removal				
	Number of Responses	32	31	24
	Snowfall amount	55.0	69.0	24.2
	Tons of Salt used	548.0	632.0	511.0
	Crew Hours	718.0	810.0	543.0
Road Maintenance				
<i>Potholes</i>	Cold mix (Tons)	n/a	40.0	35.0
	Crew Hours	n/a	69.0	60.0
<i>Shouldering</i>	Material (Tons)	n/a	60.0	80.0
	Crew Hours	n/a	72.0	90.0
<i>Street Sweeping</i>	Contractor Hours	n/a	134.0	116.0
<i>Signage</i>	Signs installed / replaced	n/a	30	22
	Crew Hours	n/a	12.0	10.0
Solid and Yard Waste Collection				
<i>Yard Waste</i>	Tonnage Collected	0.0	0.0	30.0
	Crew Hours	0.0	0.0	20.0
<i>Solid Waste</i>	Tonnage Collected	1,398.38	1,369.64	1,395.10
<i>Recyclable</i>	Tonnage Collected	609.16	636.18	617.03
Utilities				
<i>Utility Locates</i>	Number of Locates	n/a	1,150	1,364
	Crew Hours	n/a	575.0	682.0
<i>Scheduled Daily Rounds</i>	Crew Hours	730.0	730.0	730.0
Water Utility				
<i>New Meters</i>	Installed	50	70	116
	Crew Hours	20.0	32.0	57.0
<i>Meters Exchanged</i>	Number replaced	61	73	172
	Crew Hours	30.0	45.0	73.0
<i>Meters Repaired/Tested</i>	Number	87	52	174
<i>Move in/out Reads</i>	Number of Reads	79	106	203
	Crew Hours	20.0	27.0	51.0
<i>Valve Turning</i>	Valves Turned	n/a	304	147
	Crew Hours	n/a	91.0	73.0
<i>Watermain Flushing</i>	Crew Hours	160.0	148.0	68.0
<i>Water sampling</i>	Number of Samples	84	90	130
	Crew Hours	63.0	68.0	98.0
Sanitary Sewer				
<i>Sewer Mains</i>	Cleaned (Lineal Feet)	43,479.0	0.0	44,375.0
	Contractor Hours	40.0	0.0	50.0
	Televising (Lineal Feet)	43,479.0	0.0	44,352.0
	Contractor Hours	67.0	0.0	72.0

Note: Information is presented for the years for which it is available.

VILLAGE OF HOBART, WISCONSIN

Operating Indicators by Function- Last Three Years

FUNCTION: BUILDING INSPECTIONS, PLANNING & ZONING

ACTIVITY/PROGRAM AREA	FY2010	FY2011	FY2012
Summary Permit Data			
<i>Number of Permits</i>	195	211	299
<i>Total Valuation</i>	\$14,203,468	\$29,211,856	\$28,257,623
Residential Summary			
<i>New 1&2 Family Dwelling Structures</i>	45	60	102
<i>Total New 1& 2 Family Dwelling Units</i>	45	60	102
<i>New Multi-Family Structures</i>	4	6	9
<i>Total New Multi-Family Dwelling Units</i>	56	48	128
<i>Total Residential Valuation on Permits</i>	\$5,012,850	\$12,446,050	\$19,377,777
Commercial & Industrial Summary			
<i>New Commercial & Industrial Structures</i>	2	2	4
<i>Commercial & Industrial Additions</i>	0	1	1
<i>Commercial & Industrial Alterations</i>	1	2	1
<i>Total Commercial/Industrial Valuation on Permits*</i>	\$4,590,715	\$7,183,255	\$233,300
Planning & Zoning Commission			
<i>Number of Meetings</i>	13	14	11
<i>Conditional Use Permits</i>	7	5	7
<i>Ordinance Amendments</i>	5	9	9
<i>Plats</i>	0	2	3
<i>Certified Survey Maps</i>	5	5	2
<i>Rezoning</i>	5	5	3
<i>Extra Territorial Reviews</i>	2	0	0
Board of Appeals			
<i>Number of Meetings</i>	2	0	1
<i>Variances Approved</i>	2	0	1
Site Review Committee			
<i>Number of Meetings</i>	3	5	6
<i>Applications Reviewed</i>	3	5	12
* Valuation based on when permits are issued not when value is realized on assessment roll			

Note: Information is presented for the years for which it is available.

VILLAGE OF HOBART, WISCONSIN
 Capital Asset Statistics by Function
 Last Four Fiscal Years

Function	Fiscal Year			
	2009	2010	2011	2012
Public Safety				
Police Stations	1	1	1	1
Patrol Units	4	4	5	5
Fire Stations	2	2	2	2
Highways and streets				
Street (road lanes)	83.0	83.0	83.6	84.6
Culture and recreation				
Developed park acreage	45	45	45	45
Parks	2	2	2	2
Water				
Water mains (feet)	189,200	197,359	202,359	219,967.0
Fire Hydrants	363	374	424	451
Sewers				
Sanitary (feet)	139,359.0	139,359.0	145,653.0	155,685
Lift Stations	3	3	3	3
Storm (feet)	45,821	45,821	50,659	54,154

Sources: Various government departments.

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



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Village Board
Village of Hobart Wisconsin

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Hobart, Wisconsin, as of and for the year ended December 31, 2012, 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 which included an emphasis of matter paragraph as indicated on page 2 dated March 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Hobart, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Hobart, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Hobart, Wisconsin'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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses, as item 2012-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2012-02 to be a significant deficiency.

Compliance and Other Matters

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

Village of Hobart, Wisconsin's Response to Findings

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
March 18, 2013

VILLAGE OF HOBART, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2012

Section II - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2012-01	Segregation of Duties - Clerk/Treasurer
Condition:	The Village has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Village operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of Village 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 the transactions and the financial records of the Village.
Management Response:	The Village has contracted with an experienced governmental finance professional to provide oversight and review of Village transactions.
2012-02	Adjustments to the Village's Financial Records
Condition:	As part of our 2012 audit, we proposed adjusting journal entries that were material to the Village's financial statement.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Village may contain material misstatements.
Recommendation:	We recommend the Village continue reviewing the adjusting, closing and GASB 34 conversion entries prepared by Schenck. 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 report.
Management Response:	The Village has contracted with an experienced governmental finance professional to review the journal entries drafted by Schenck. Management has reviewed and approved the financial statements and other information prepared by Schenck prior to issuance.