

VILLAGE OF HOBART, WISCONSIN



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

2015

Prepared by Village Staff

Andrew J. Vickers, M.P.A.

Village Administrator

Mary Smith, CMC, WCMC

Clerk Treasurer

VILLAGE OF HOBART, WISCONSIN
December 31, 2015

Table of Contents

	<u>Page No.</u>
INTRODUCTORY SECTION	
Title Page	1
Table of Contents	2 - 3
Letter of Transmittal	4 - 8
GFOA Certificate of Achievement	9
Organizational Chart	10
Elected and Appointed Officials	11 - 12
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	13 - 15
MANAGEMENT'S DISCUSSION AND ANALYSIS	16 - 26
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	27
Statement of Activities	28 - 29
Fund Financial Statements	
Balance Sheet - Governmental Funds	30 - 31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32 - 33
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	34
Statement of Net Position - Proprietary Funds	35
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	37
Notes to Basic Financial Statements	38 - 56
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Asset – Wisconsin Retirement System	57
Schedule of Contributions – Wisconsin Retirement System	58
Notes to Required Supplementary Information	59
SUPPLEMENTARY INFORMATION	
General Fund	
Detailed Comparison of Budgeted and Actual Revenues	60 - 61
Detailed Comparison of Budgeted and Actual Expenditures	62
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Debt Service Fund	63
Tax Incremental District #1 Capital Projects Fund	64
Capital Projects Fund	65
Tax Incremental District #2 Capital Projects Fund	66
STATISTICAL SECTION	
Net Position by Component - Last Ten Fiscal Years	67
Changes in Net Position - Last Ten Fiscal Years	68 - 70
Fund Balances of Governmental Funds - Last Ten Fiscal Years	71
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	72 - 73

VILLAGE OF HOBART, WISCONSIN
December 31, 2015

Table of Contents

	<u>Page No.</u>
STATISTICAL SECTION (CONTINUED)	
General Governmental Tax Revenues by Source	73
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	74
Property Tax Rates Direct and Overlapping Governments - Last Ten Fiscal Years	75
Principal Property Taxpayers - Current Year and 9 Years Prior	76
Property Tax Levies and Collections - Last Ten Fiscal Years	77
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	78
Ratios of Net General Obligation Debt Outstanding - Last Ten Fiscal Years	79
Debt Service Requirements to Maturity -	
General Obligation Notes - Scheduled to be Repaid from Governmental Activities	80
General Obligation Notes - Scheduled to be Repaid from Tax Increment District Revenues	81
Water Utility General Obligation Notes	82
Sewer Utility General Obligation Notes	83
Green Bay Metropolitan Sewerage District Notes	84
Direct and Overlapping Governmental Activities Debt	85
Legal Debt Margin Information - Last Ten Fiscal Years	86
Demographic and Economic Statistics - Last Ten Fiscal Years	87
Principal Employers - Current Year and Nine Years Ago	88
Full-time Equivalent Village of Hobart Employees by Function - Last Ten Fiscal Years	89
Operating Indicators by Function - Last Four and Five Fiscal Years	90 - 95
Capital Asset Statistics by Function - Last Five Fiscal Years	96
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97 - 98
Schedule of Findings and Responses	99



May 1, 2016

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, 2015, 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, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

The Village encompasses approximately 33 square miles. The Town of Hobart was incorporated as the Village of Hobart on May 13, 2002. With a 2015 Wisconsin Department of Administration population estimate of 7,958, the population of Hobart has increased 28.7% since the 2010 Federal Census report of 6,182, and 56.3% since the 2000 Federal Census report of 5,090. The population and square mile statistics combine to produce a population density of 241 persons per square mile. This indicates ample land for future growth and orderly development. The Village of Hobart is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board.

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

The Village provides a full range of municipal services contemplated by statute or character, including public safety, streets, sanitation, parks/recreation/culture, public improvements, building safety and code compliance, neighborhood services, planning and zoning, water, sewer and storm water systems, and general administrative services. Public safety is provided with two fire stations and 29 volunteer firefighters, and a police department with 8.65 FTEs, which includes the Police Chief and Police/Administrative Clerk. The Public Works Division, in consultation with a contracted engineering firm, is responsible for the engineering, designing and inspection of Village construction projects, maintenance of public roadways within the Village, and a variety of other public works services throughout the year. The Village also provides for refuse and garbage disposal for its residents through an outside contract for services. Total full time equivalent (FTE) municipal employment numbers 20.3. The Pulaski Community School District and West DePere School District serve the Village and provides a comprehensive program for students in kindergarten through the twelfth grade. Higher education is provided by the University of Wisconsin-Green Bay and Northeast Wisconsin Technical College, both located in Green Bay, and St. Norbert College, located in DePere, Wisconsin.

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

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

The Village of Hobart officials and employees will lead the community in the delivery of the finest municipal services in the most cost-responsible manner to ensure a high quality of life and safe neighborhoods while maintaining flexibility to respond to the needs of citizens in our ever-changing

community. Actions taken in pursuit of our mission will be in accordance with democratic principles and the Constitution of the United States of America.

Factors Affecting Financial Condition.

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

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

Strategic Plan. The Village of Hobart adopted its first ever Strategic Plan in 2014. This was a very inclusive process that had Village stakeholders and decision-makers uprooting our core values to build upon, as well as our priority areas for improvement. The Plan prioritized certain spending and projects initiatives for the years 2015-2017. 2015 initiatives were the re-write of the Village's Comprehensive Plan, an analysis of Emergency Medical Services, Village signage and positioning initiatives, and marketing/branding, among other.

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; Purchasing and Disbursement; Sewer Utility Fund Balance-Retained Earnings; and Green Bay Metropolitan Sewerage District Local Annual Rate Adjustment.

Economic Information/Outlook. The Village of Hobart is a growing community with an estimated 2015 population of 7,958 and a 2015 equalized valuation of \$751,542,900. The equalized valuation has grown by 22.10% since 2010 and 125.25% since 2000. Between 2015 and 2014, the Village gained 6.10% 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 2015. 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 2015, the Village's top employer is Bayland Buildings–BayCo Properties, a real estate and commercial construction company with 185 employees. Bay Valley Foods (Dean Pickle), a food processing/distribution company with 180 employees is the Village's second largest employer. Web processing designer and manufacturer EMT International has a workforce of 160 employees, golf course and country club Thornberry Creek has a staff of 150, and metal fabricator High View Custom Fab-HFC Inc. has a workforce of 50.

For the past five straight years, the Village of Hobart has ranked near the top for new housing starts among all cities, villages and towns in the state of Wisconsin. In 2015, Hobart experienced 41 new single family housing starts, 5 multi-family structures, and 133 multi-family dwelling units. The total residential permit valuation totaled \$24,207,444 in 2015 compared to \$19,951,685 in 2014.

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 \$112,552,000 in *equalized* incremental value. TID 1 had \$80,170,200 in *equalized* incremental value upon updated assessments as of January 1, 2015 and TID 2 had \$32,381,800 *equalized* incremental value. Recent TID 1 development activities consist of a Market Place District, Ravello Townhomes phase II, construction of Jan Wos Park, multi-use pedestrian pathway loop, and development agreements for 178 up-scale leased residence units valued at \$18 million and 96 townhome style leased residence units valued at \$7.2 million. TID 2 features two separate planned development districts consisting of a mix-used residential and commercial area and a Southeast Hobart Business Park focusing on manufacturing and industrial development projects.

Despite the Village's focused economic development strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. High-end residential building, with homes valued at \$500,000- \$1,800,000, continues in the Thornberry Creek and Stone Gables subdivisions. More moderately-priced subdivisions including Polo Point, Polo Point II, and Fieldstone Estates are rapidly approaching their respective build-outs much faster than expected. Current Village housing trends are expected to be maintained for the next 2 years as existing lot inventory remains high.

The non-seasonal adjusted unemployment rate for the Village of Hobart in December 2015 was 3.7 percent which is a decrease from the 4.3 percent rate for December 2014. The state's non-seasonal adjusted December unemployment rate was 4.2 percent, with a U.S. non-seasonal unemployment rate of 4.8 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. The Village also has a separate economic development website (www.buildinhobart.com) aimed at business attraction and recruitment efforts. The website is a very aesthetically-pleasing and user-friendly tool to market developable property.

Continuing a team effort that began in 2014, the Village staff formally implemented the new "logo" (see cover page) and tagline: "Greatness is Growing." The re-branding is part of a larger marketing strategy. The first phase of new community and gateway signage featuring the new logo/tagline was launched in 2015. Staff is planning for additional signage and placemaking strategies to be implemented in 2016 and 2017.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Hobart, Wisconsin for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

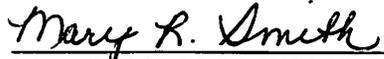
The preparation of this report could not have been accomplished without the efficient and dedicated services of all Village Departments. We would like to express our appreciation to Village team members who assisted and contributed to the preparation of this report. We would also like to thank the Village Board for their

unfailing support for maintaining the highest standards of professionalism in the management of the Village of Hobart's finances.

Respectfully submitted,



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



Mary Smith, CMC, WCMC
Clerk/Treasurer



Government Finance Officers Association

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

Presented to

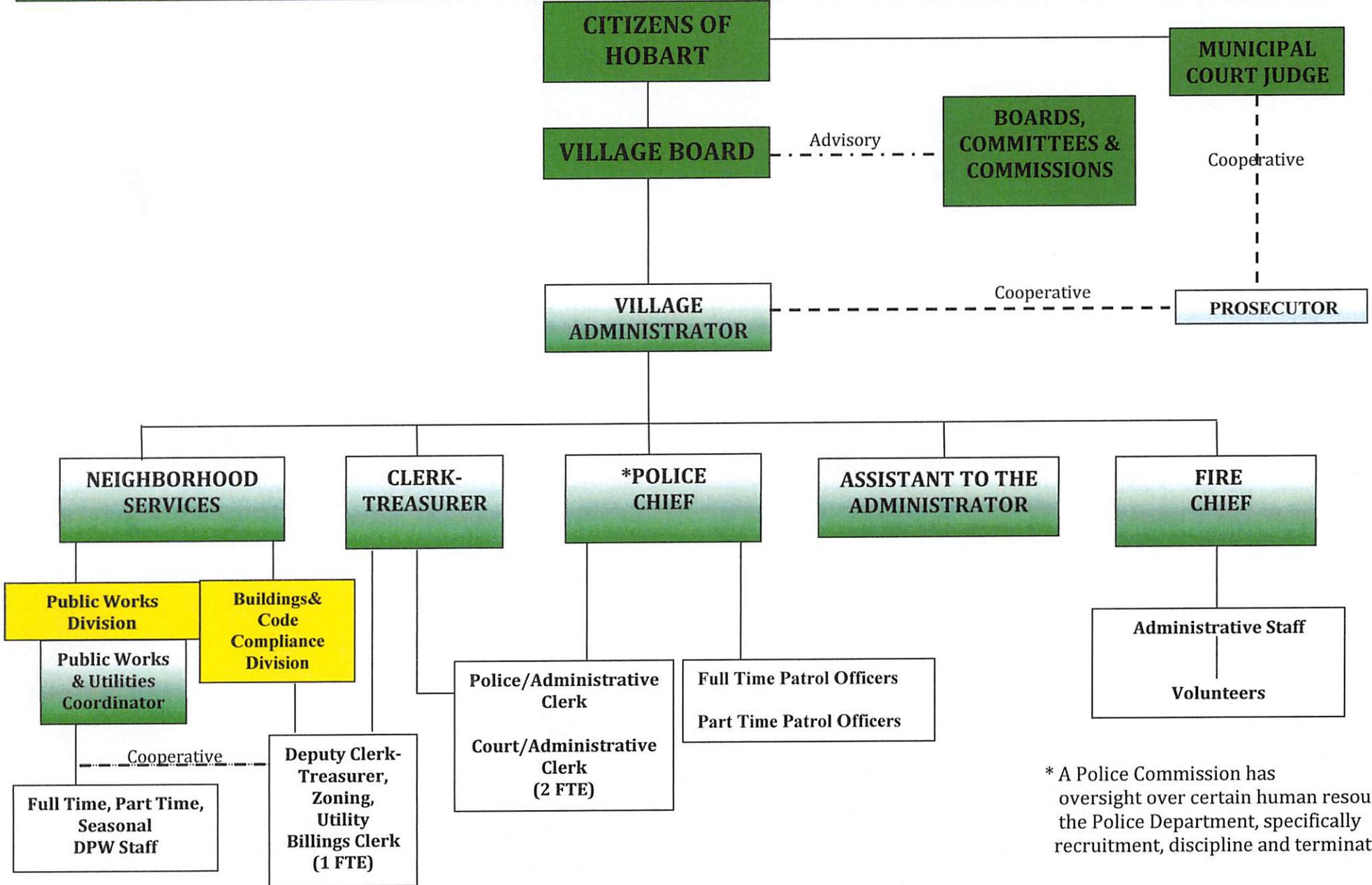
**Village of Hobart
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

VILLAGE OF HOBART, WI ORGANIZATIONAL CHART



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

GENERAL INFORMATION
VILLAGE OF HOBART ELECTED OFFICIALS
December 31, 2015

		Term Expires
PRESIDENT	Richard R. Heidel	April 2016
TRUSTEES	Tim Carpenter	April 2017
	David Dillenberg	April 2017
	Ed Kazik	April 2016
	Debbie Schumacher	April 2016

GENERAL INFORMATION

VILLAGE OF HOBART DEPARTMENT HEADS / APPOINTED OFFICIALS

December 31, 2015

		Length of Time In This Position	Length of Employment With Village of Hobart
Administrator	Andrew Vickers	6 1/2 years	7 1/2 years
Assistant to Village Administrator	Michael Bablick	2 years	2 years
Police Chief	Randy Bani	12 1/2 years	12 1/2 years
Fire Chief (volunteer)	Jerry Lancelle	4 years	27 years
Director of Neighborhood Services	Allyn Dannhoff	6 years	6 years
Accounting Consultant	Brian Ruechel	5 1/2 years	5 1/2 years
Clerk / Treasurer	Mary Smith	32 1/2 years	32 1/2 years
Deputy Clerk / Treasurer	Cindy Kocken	17 1/2 years	17 1/2 years
Public Works Coordinator	Jerry Lancelle	4 1/2 years	4 1/2 years

CERTIFIED PUBLIC ACCOUNTANTS

Schenck SC, Green Bay, Wisconsin

BOND COUNSEL

Quarles & Brady, Milwaukee, Wisconsin

FINANCIAL CONSULTANT

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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note D.4, the Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

As described in Note D.6, the Village recorded a prior period adjustment of \$27,747 in the governmental funds financial statements to adjust for the delinquent special assessments and personal property taxes as a deferred inflow. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules relating to pensions on pages 16 through 26 and 57 and 58 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Report on Summarized Financial Information

We have previously audited the Village of Hobart, Wisconsin's 2014 financial statements, and our report dated May 1, 2015, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, and each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
April 26, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis December 31, 2015

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, 2015. 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 - 8 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2015 by \$14,435,100 (*net position*). Of this amount, (\$1,314,253) (unrestricted net position) is negative because the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts;
- The Village's change in net position increased by \$1,784,789 due to revenues exceeding expenditures;
- As of December 31, 2015, the Village's governmental funds reported combined ending fund balances of \$4,534,568, an increase of \$95,441 in comparison with the prior year. The increase resulted from additional fund balance accumulation for future Capital Projects outlay and a prior period adjustment decrease to reclassify delinquent special assessment and personal property taxes. Approximately 3.0%, \$139,053 is restricted for park development and memorial brick/trees. Approximately 9.0%, \$406,658 is restricted for tax levy supported debt relief. Approximately 65.5%, \$2,969,465 is assigned for development and capital projects. Approximately 22.5%, \$1,019,392 is unassigned and *available for spending* at the Village's discretion;
- As of December 31, 2015, the unassigned general fund balance of \$1,019,392 was approximately 36.7% of total general fund expenditures;
- The Village's total debt decreased by \$239,261 during 2015. On June 15, 2015 \$2,540,000 in taxable general obligation bonds and \$1,090,000 general obligation refunding bonds were issued for the purpose of current refunding two Board of Commissioners of Public Lands State Trust Fund loans: \$2,910,100 dated December 23, 2014 and \$715,000 dated March 24 2015. The State Trust Fund loans were issued for the purpose of financing economic development projects in the Village's tax increment districts. The June refinancing's achieved the amortization of the state trust fund debt on a long term basis and obtained continued low interest rates thus eliminating future interest rate risk. There was no gain or loss on the transaction.
- On February 19, 2015, the Village's long-term debt credit rating was upgraded by Standard and Poor's from AA to AA+ with a stable outlook.
- On March 31, 2015 the Green Bay/Brown County Professional Football Stadium District Board completed the certifications necessary to end the football stadium district sales tax on September 30, 2015. Wisconsin Statutes 2015 Act 114 provided a mechanism for football stadium district sales taxes collected or imposed between April 1, 2015 and September 30, 2015 to be paid back to Brown County and municipalities within the County. The Village of Hobart's portion of the sales taxes collected during April 1 to September 30 was \$406,658.47, and on December 18, 2015 the State of Wisconsin issued a payment to the Village in this amount. Act 114 specifies this payment must be used only for the purpose of providing property tax relief, tax levy supported debt relief, or economic development.
- On February 4, 2016 The Village Board passed a resolution which specified the use of Act 114 funds for tax levy supported debt relief.

Overview of the Basic Financial Statements

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

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

The *statement of net position* presents information on all of the Village's assets, liabilities, and deferred outflows/inflows of resources with the difference 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 27 - 29 of this report.

In 2015, the Village changed accounting policies related to pension accounting by adopting Statement of Governmental Accounting Standards Board (GASB) No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The statement of net position reflects the Village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. For purposes of measuring the net pension asset, deferred outflow/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Required supplementary information found on pages 57-59 of this report recognizes GASB No. 68 and No. 71 schedules.

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 governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 30 - 33 of this report.

Supplementary information found on pages 60-66 of this report provides budget comparison statements for all governmental funds.

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

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

The basic proprietary fund financial statements can be found on pages 35 - 37 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 38 - 56 of this report.

Other information. Supplementary schedules can be found on pages 57 - 66.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,435,100 at the close of 2015.

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

Village of Hobart's Net Position						
(in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 26,988	\$ 25,024	\$ 1,760	\$ 1,655	\$ 28,748	\$ 26,679
Net pension asset	147	-	43	-	190	-
Capital assets	8,851	8,137	19,946	19,927	28,797	28,064
Total Assets	35,986	33,161	21,749	21,582	57,735	54,743
Deferred Outflows of Resources						
Related to pension	151	-	43	-	194	-
Liabilities						
Long-term liabilities outstanding	19,930	19,631	7,217	7,692	27,147	27,323
Other liabilities	10,294	10,497	209	180	10,503	10,677
Total Liabilities	30,224	30,128	7,426	7,872	37,650	38,000
Deferred Inflows of Resources						
Property taxes	5,839	4,467	-	-	5,839	4,467
Related to Pension	4	-	1	-	5	-
Total Deferred Inflows of Resources	5,843	4,467	1	-	5,844	4,467
Net Position						
Net investment in capital assets	2,096	3,065	12,728	12,235	14,824	15,300
Restricted						
Debt service	407	-	-	-	407	-
Pension benefits	294	-	85	-	379	-
Subsequent years projects	139	102	-	-	139	102
Unrestricted	(2,866)	(4,601)	1,552	1,475	(1,314)	(3,126)
Total Net Position	\$ 70	\$ (1,434)	\$ 14,365	\$ 13,710	\$ 14,435	\$ 12,276

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, 2015 the governmental activities unrestricted net position is negative because the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts.

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

An additional portion of the Village's governmental net position is subject to external restrictions on how they may be used. \$406,658 is restricted for tax levy supported debt relief, \$294,096 for pension benefits, \$133,720 for park development and \$5,333 is restricted for memorial bricks and trees.

Change in net position. The Village’s governmental activities net position at the end of the year amounted to \$70,363. The change in net position during 2015 was an increase of \$1,504,445 due to revenues exceeding expenditures by \$1,209,120 and a cumulative change in accounting principles of \$295,325.

Net position of the water utility enterprise fund at the end of the year amounted to \$7,109,726. The change in net position during 2015 was an increase of \$176,115. Operating income of \$140,637, capital contributions of \$153,116, plus a cumulative change in accounting principles of \$26,278 exceeded nonoperating expenses of \$143,916 resulting in the net position increase. The 2015 operating income of \$140,637 resulted from operating revenues of \$852,225 exceeding operating expenditures of \$711,588 and the operating income was consistent with the prior year.

Net position of the sewer utility enterprise fund at the end of the year amounted to \$4,398,823. The change in net position during 2015 was an increase of \$159,119. Operating income of \$109,803, capital contributions of \$157,839, plus a cumulative change in accounting principles of \$22,620 exceeded nonoperating expenses of \$131,143 resulting in the net position increase. The 2015 operating income of \$109,803 resulted from operating revenues of \$922,113 exceeding operating expenditures of \$812,310 and the operating income was consistent with the prior year.

Net position of the storm water utility enterprise fund at the end of the year amounted to \$2,856,188. The change in net position during 2015 was an increase of \$319,604. Operating income of \$175,001, capital contributions of \$175,822, plus a cumulative change in accounting principles of \$30,271 exceeded nonoperating expenses of \$61,490 resulting in the net position increase. The 2015 operating income of \$175,001 resulted from operating revenues of \$467,139 exceeding operating expenditures of \$292,138 and the operating income was consistent with the prior year.

The cumulative change in accounting principles noted above results from the Village adopting Statement of Governmental Accounting Standards Board (GASB) No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The new standards revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Governmental Activities	Business-type Activities			Total	Total
		Water Utility	Sewer Utility	Storm Water Utility		
Net Pension Asset	\$236,580	\$21,393	\$17,980	\$23,616	\$62,989	\$299,569
Deferred Outflows of Resources	58,745	4,885	4,640	6,655	16,180	74,925
Total Cumulative Effect of Change in Accounting Principle	\$295,325	\$26,278	\$22,620	\$30,271	\$79,169	\$374,494

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

Village of Hobart's Change in Net Position (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for services	\$ 1,048	\$ 896	\$ 2,241	\$ 2,257	\$ 3,289	\$ 3,153
Operating grants and contributions	264	306	-	-	264	306
Capital grants and contributions	-	-	487	147	487	147
General Revenues						
Property taxes	4,467	3,941	-	-	4,467	3,941
Other taxes	472	85	-	-	472	85
Grants and contributions not restricted to specific programs	69	70	-	-	69	70
Other	54	31	18	29	72	60
Total Revenues	6,374	5,329	2,746	2,433	9,120	7,762
Expenses						
General government	745	723	-	-	745	723
Public safety	1,389	1,291	-	-	1,389	1,291
Public works	981	1,046	-	-	981	1,046
Health and human services	3	3	-	-	3	3
Culture and recreation	23	59	-	-	23	59
Conservation and development	1,391	923	-	-	1,391	923
Interest on long-term debt	675	686	-	-	675	686
Water utility	-	-	816	817	816	817
Sewer utility	-	-	958	939	958	939
Storm Water utility	-	-	354	661	354	661
Total Expenses	5,207	4,731	2,128	2,417	7,335	7,148
Change in Net Position Before Transfers	1,167	598	618	16	1,785	614
Transfers	42	39	(42)	(39)	-	-
Change in Net Position	1,209	637	576	(23)	1,785	614
Cumulative effect of change in . accounting principle	295	-	79	-	374	-
Net Position - January 1	(1,434)	(2,071)	13,710	13,733	12,276	11,662
Net Position - December 31	\$ 70	\$ (1,434)	\$ 14,365	\$ 13,710	\$ 14,435	\$ 12,276

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, 2015, the Village's governmental funds reported combined ending fund balances of \$4,534,568, an increase of \$95,441 in comparison with the prior year. The increase resulted from additional fund balance accumulation for future Capital Projects outlay. Approximately 22.5% of this amount (\$1,019,392) 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: restricted for park development and memorial brick/trees (\$139,053), restricted for tax levy supported debt relief (\$406,658), and assigned for development and capital projects (\$2,969,465).

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 \$1,019,392. 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 36.7% of total general fund expenditures.

The fund balance of the Village's general fund increased by \$126,249. The increase resulted from a positive variance of revenues over final budget of \$168,193 due to building and other permits and court fines and penalties. A positive variance of expenditures versus final budget of \$81,301 due to savings in legal costs and public safety unfilled positions. The \$90,837 general fund transfer to the capital projects fund for financing future capital projects was performed in accordance with the General Fund Balance Policy adopted by the Village Board. The Village recorded a prior period adjustment of (\$27,747) in the general fund to reclassify the delinquent special assessments and personal property taxes as a deferred inflow of resources.

The \$912,986 funds for tax increment finance (TIF) district #1, and \$465,371 for TIF district #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 \$1,591,108 which represents unspent revenues and transfers in carried over for financing future capital projects.

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

Unrestricted net position of the water utility enterprise fund at the end of the year amounted to \$966,211. Total net position was \$7,109,726 and the total increase in net position was \$176,115. Nonoperating expenses of (\$102,262), capital contributions of \$153,116, transfers out of (\$41,654), the GASB 68/71 accounting principle change of \$26,278, plus operating income of \$140,637 resulted in the net position increase. The 2015 operating income was consistent with the prior year.

Unrestricted net position of the sewer utility enterprise fund at the end of the year amounted to \$156,819. Total net position was \$4,398,823 and the total increase in net position was \$159,119. Nonoperating expenses of \$(131,143), capital contributions of \$157,839, the GASB 68/71 accounting principle change of \$22,620, plus operating income of \$109,803 resulted in the net position increase. The 2015 operating income was consistent with the prior year.

Unrestricted net position of the storm water utility enterprise fund at the end of the year amounted to \$428,781. Total net position was \$2,856,188 and the total increase in net position was \$319,604. Nonoperating expenses of \$(61,490), capital contributions of \$175,822, the GASB 68/71 accounting principle change of \$30,271, plus operating income of \$175,001 resulted in the net position increase. The 2015 operating income was consistent with the prior year.

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

General Fund Budget Highlights

No adjustments were made to the 2015 original adopted and final budget.

Actual revenues exceeded budgeted revenues by \$168,193 primarily due to positive variances in building and other permits, court fines and penalties, and other cumulative small variances within departmental line items.

Actual expenditures were below budget by \$81,301 due to savings in legal costs and public safety unfilled positions, along with other cumulative savings within departmental line items.

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, 2015 amounts to \$28,796,543 (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 \$732,442.

Village of Hobart's Capital Assets						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,357,752	\$ 2,343,548	\$ 573,701	\$ 573,701	\$ 2,931,453	\$ 2,917,249
Buildings and Improvements	1,127,224	1,127,224	22,044,881	21,756,110	23,172,105	22,883,334
Machinery and equipment	1,936,582	1,696,908	3,745,652	3,587,813	5,682,234	5,284,721
Infrastructure	4,609,499	4,177,291	-	-	4,609,499	4,177,291
Construction in progress	1,529,093	1,194,976	512,270	396,318	2,041,363	1,591,294
Less accumulated depreciation	(2,709,281)	(2,402,779)	(6,930,830)	(6,387,009)	(9,640,111)	(8,789,788)
Total	\$ 8,850,869	\$ 8,137,168	\$ 19,945,674	\$ 19,926,933	\$ 28,796,543	\$ 28,064,101

During 2015, land increased \$14,204 for governmental activities, buildings and improvements capital assets increased \$288,771 for business-type activities, machinery and equipment assets increased \$239,674 for governmental and \$157,839 for business activities, infrastructure increase \$432,208 for governmental activities, construction in progress increased \$334,117 for governmental and \$115,952 for business activities. An increase of \$850,323 was recognized in accumulated depreciation for the Village's capital assets.

More detailed information on the Village's capital asset activity may be found in Note C (3) of the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the Village had total debt outstanding of \$26,827,111. Of this amount, \$24,811,134 comprises debt backed by the full faith and credit of the government and \$2,015,977 is for interceptor costs being paid to the Green Bay Metropolitan Sewerage District (Green Bay MSD).

Village of Hobart's Outstanding Debt						
General Obligation Debt and Notes Payable						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation debt	\$ 19,609,750	\$ 19,374,600	\$ 5,201,384	\$ 5,483,726	\$ 24,811,134	\$ 24,858,326
Notes payable -						
Green Bay MSD	-	-	2,015,977	2,208,046	2,015,977	2,208,046
Total	\$ 19,609,750	\$ 19,374,600	\$ 7,217,361	\$ 7,691,772	\$ 26,827,111	\$ 27,066,372

During 2015 the Village's total debt decreased by \$239,261. On June 15, 2015 \$2,540,000 in taxable general obligation bonds and \$1,090,000 general obligation refunding bonds were issued for the purpose of current refunding two Board of Commissioners of Public Lands State Trust Fund loans: \$2,910,100 dated December 23, 2014 and \$715,000 dated March 24 2015. The State Trust Fund loans were issued for the purpose of financing economic development projects in the Village's tax increment districts. The June refinancing's achieved the amortization of the state trust fund debt on a long term basis and obtained continued low interest rates thus eliminating future interest rate risk. The \$2.540 million taxable general obligation bonds have interest rates ranging from 3.00% to 4.20% in 2016 thru 2032, and the \$1.090 million general obligation refunding bonds have interest rates ranging from 2.30% to 3.25% in 2016 thru 2029. There was no gain or loss on the transaction. The Village had the following 2015 principal debt retirement: \$3,394,850 in governmental activity general obligation debt, \$282,342 in business-type activity general obligation debt, and \$192,069 in notes payable – Green Bay MSD.

State statutes limit the amount of general obligation debt the Village may issue to 5% of its total equalized valuation. The current debt limitation for the Village is \$37,577,145, which is significantly in excess of the Village's \$24,404,476 net outstanding general obligation debt applicable to the limit. The total net outstanding general obligation debt applicable to the debt limit is 64.94% which meets the percentage requirement of the Debt Management Policy adopted by the Village Board.

On February 19, 2015, the Village's long-term debt credit rating was upgraded by Standard and Poor's from AA to AA+ with a stable outlook. Factors cited for the rating upgrade were: very strong economy; very strong budget flexibility; strong budgetary performance; very strong liquidity; strong management conditions; weak debt and contingent liability profile; and adequate institutional framework. Previously in 2012, Standard and Poor's upgraded the Village's debt credit rating from AA- to AA.

On March 31, 2015 the Green Bay/Brown County Professional Football Stadium District Board completed the certifications necessary to end the football stadium district sales tax on September 30, 2015. Wisconsin Statutes 2015 Act 114 provided a mechanism for football stadium district sales taxes collected or imposed between April 1, 2015 and September 30, 2015 to be paid back to Brown County and municipalities within the County. The Village of Hobart's portion of the sales taxes collected during April 1 to September 30 was \$406,658.47, and on December 18, 2015 the State of Wisconsin issued a payment to the Village in this amount. Act 114 specifies this payment must be used only for the purpose of providing property tax relief, tax levy supported debt relief, or economic development. On February 4, 2016 The Village Board passed a resolution which specified the use of Act 114 funds for tax levy supported debt relief.

More detailed information on the Village's long-term debt activity may be found in Note C (5) of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Village of Hobart and were considered in developing the 2016 fiscal year budget.

- The unemployment rate for the Village of Hobart is currently 3.7 percent which is a decrease from the 4.3 percent rate a year ago;
- Taxable assessed value for the Village increased by 3.1 percent;
- A 3.6% property tax rate increase (Village-only tax rate) with no service or employee reductions;
- A minimum wage adjustment of 2% for employees, plus additional discretionary wage/salary adjustments for certain management staff;
- Additional full-time patrol and administrative position for Hobart Lawrence Police Department as requested by the Police Chief;
- Change of status of Assistant to the Administrator position to full-time;
- Large Fire Department equipment purchase;
- Continue reserve funding and increasing where possible, for large future capital outlays such as: Property Reevaluation; Equipment for Information Technology, Fire Department, Public Works; and Village building improvements;
- An increase of levy-funded debt service of \$227,500;
- Accommodating Strategic Plan Initiatives for 2016;

For the past five straight years, the Village of Hobart has ranked near the top for new housing starts among all cities, villages and towns in the state of Wisconsin. In 2015, Hobart experienced 41 new single family housing starts, 5 multi-family structures, and 133 multi-family dwelling units. The total residential permit valuation totaled \$24,207,444 in 2015 compared to \$19,951,685 in 2014. 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 \$112,552,000 in *equalized* incremental value. TID 1 had \$80,170,200 in *equalized* incremental value upon updated assessments as of January 1, 2015 and TID 2 had \$32,381,800 *equalized* incremental value. Recent TID 1 development activities consist of a Market Place District, Ravello Townhomes phase II, construction of Jan Wos Park, multi-use pedestrian pathway loop, and development agreements for 178 up-scale leased residence units valued at \$18 million and 96 townhome style leased residence units valued at \$7.2 million. TID 2 features two separate planned development districts consisting of a mix-used residential and commercial area and a Southeast Hobart Business Park focusing on manufacturing and industrial development projects.

Despite the Village's focused economic development strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. High-end residential building, with homes valued at \$500,000- \$1,800,000, continues in the Thornberry Creek and Stone Gables subdivisions. More moderately-priced subdivisions including Polo Point, Polo Point II, and Fieldstone Estates are rapidly approaching their respective build-outs much faster than expected. Current Village housing trends are expected to be maintained for the next 2 years as existing lot inventory remains high.

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

Contacting the Village's Financial Management

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

BASIC FINANCIAL STATEMENTS

VILLAGE OF HOBART, WISCONSIN

Statement of Net Position

December 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 6,968,430	\$ 1,210,258	\$ 8,178,688
Receivables			
Taxes	13,506,440	-	13,506,440
Accounts	-	359,902	359,902
Special assessments	-	190,152	190,152
Net pension asset	147,024	43,094	190,118
Land held for resale	6,513,819	-	6,513,819
Capital assets, nondepreciable			
Land	2,357,752	65,030	2,422,782
Construction in progress	1,529,093	512,270	2,041,363
Property held for future use	-	508,671	508,671
Capital assets, depreciable			
Buildings	1,127,224	907,161	2,034,385
Improvements other than buildings	-	21,137,720	21,137,720
Machinery and equipment	1,936,582	3,745,652	5,682,234
Infrastructure	4,609,499	-	4,609,499
Less: Accumulated depreciation	(2,709,281)	(6,930,830)	(9,640,111)
TOTAL ASSETS	35,986,582	21,749,080	57,735,662
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	151,071	42,620	193,691
LIABILITIES			
Accounts payable	314,754	108,924	423,678
Accrued and other current liabilities	42,123	8,474	50,597
Accrued interest payable	218,317	91,103	309,420
Due to other governments	9,634,353	-	9,634,353
Deposits	84,395	-	84,395
Long-term obligations			
Due within one year	1,212,650	493,237	1,705,887
Due in more than one year	18,717,433	6,724,124	25,441,557
TOTAL LIABILITIES	30,224,025	7,425,862	37,649,887
DEFERRED INFLOWS OF RESOURCES			
Property taxes	5,839,266	-	5,839,266
Deferred inflows related to pension	3,999	1,101	5,100
TOTAL DEFERRED INFLOWS OF RESOURCES	5,843,265	1,101	5,844,366
NET POSITION			
Net investment in capital assets	2,096,620	12,728,313	14,824,933
Restricted for			
Debt service	406,658	-	406,658
Pension benefits	294,096	84,613	378,709
Subsequent year projects	139,053	-	139,053
Unrestricted (Deficit)	(2,866,064)	1,551,811	(1,314,253)
TOTAL NET POSITION	\$ 70,363	\$ 14,364,737	\$ 14,435,100

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 744,504	\$ 186,267	\$ -	\$ -
Public safety	1,389,272	409,901	54,082	-
Public works	981,275	399,778	209,702	-
Health and human services	2,560	-	-	-
Culture and recreation	23,005	52,174	-	-
Conservation and development	1,390,695	-	-	-
Interest on debt	675,247	-	-	-
Total Governmental Activities	5,206,558	1,048,120	263,784	-
Business-type Activities				
Water utility	816,192	852,225	-	153,116
Sewer utility	958,551	922,113	-	157,839
Storm water utility	353,628	467,139	-	175,822
Total Business-type Activities	2,128,371	2,241,477	-	486,777
Total	\$ 7,334,929	\$ 3,289,597	\$ 263,784	\$ 486,777

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Excess Stadium District sales tax

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

Net position (deficit) - January 1, as originally reported

Cumulative effect of change in accounting principle

Net position (deficit) - January 1, as restated

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (558,237)	\$ -	\$ (558,237)
(925,289)	-	(925,289)
(371,795)	-	(371,795)
(2,560)	-	(2,560)
29,169	-	29,169
(1,390,695)	-	(1,390,695)
(675,247)	-	(675,247)
<u>(3,894,654)</u>	<u>-</u>	<u>(3,894,654)</u>
-	189,149	189,149
-	121,401	121,401
-	289,333	289,333
-	<u>599,883</u>	<u>599,883</u>
<u>(3,894,654)</u>	<u>599,883</u>	<u>(3,294,771)</u>
1,503,354	-	1,503,354
376,124	-	376,124
2,587,422	-	2,587,422
406,658	-	406,658
65,440	-	65,440
68,691	-	68,691
17,145	240	17,385
37,286	17,200	54,486
41,654	(41,654)	-
<u>5,103,774</u>	<u>(24,214)</u>	<u>5,079,560</u>
<u>1,209,120</u>	<u>575,669</u>	<u>1,784,789</u>
(1,434,082)	13,709,899	12,275,817
295,325	79,169	374,494
<u>(1,138,757)</u>	<u>13,789,068</u>	<u>12,650,311</u>
<u>\$ 70,363</u>	<u>\$ 14,364,737</u>	<u>\$ 14,435,100</u>

VILLAGE OF HOBART, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2015

	General	Debt Service	Tax Incremental District #1	Capital Projects	Tax Incremental District #2	Total Governmental Funds
ASSETS						
Cash and investments	\$ 3,401,596	\$ 406,658	\$ 1,085,543	\$ 1,603,746	\$ 470,887	\$ 6,968,430
Receivables						
Taxes	10,106,296	420,754	1,539,333	792,889	621,757	13,481,029
Delinquent taxes and special assessments	25,411	-	-	-	-	25,411
TOTAL ASSETS	\$ 13,533,303	\$ 827,412	\$ 2,624,876	\$ 2,396,635	\$ 1,092,644	\$ 20,474,870
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 124,355	\$ -	\$ 172,401	\$ 12,638	\$ 5,360	\$ 314,754
Accrued payroll liabilities	41,811	-	156	-	156	42,123
Due to other governmental units	9,634,353	-	-	-	-	9,634,353
Deposits	84,395	-	-	-	-	84,395
Total Liabilities	9,884,914	-	172,557	12,638	5,516	10,075,625
Deferred Inflows of Resources						
Property taxes	2,464,533	420,754	1,539,333	792,889	621,757	5,839,266
Delinquent taxes and assessments	25,411	-	-	-	-	25,411
Total Deferred Inflows of Resources	2,489,944	420,754	1,539,333	792,889	621,757	5,864,677
Fund Balances						
Restricted						
Retirement of long-term debt	-	406,658	-	-	-	406,658
Park development	133,720	-	-	-	-	133,720
Memorial brick/trees	5,333	-	-	-	-	5,333
Assigned						
Development	-	-	912,986	-	465,371	1,378,357
Capital projects	-	-	-	1,591,108	-	1,591,108
Unassigned, reported in						
General fund	1,019,392	-	-	-	-	1,019,392
Total Fund Balances	1,158,445	406,658	912,986	1,591,108	465,371	4,534,568
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,533,303	\$ 827,412	\$ 2,624,876	\$ 2,396,635	\$ 1,092,644	\$ 20,474,870

(Continued)

VILLAGE OF HOBART, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2015

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page		\$	4,534,568
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.			8,850,869
Land held for resale in governmental activities is not a current financial resource and therefore are not reported in the funds.			6,513,819
The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:			
Net pension asset			147,024
Deferred outflows of resources			151,071
Deferred inflows of resources			(3,999)
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.			
Bonds and notes payable	\$ (19,609,750)		
Premium on debt issued	(320,333)		
Accrued interest on long-term obligations	<u>(218,317)</u>	(20,148,400)	
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.			
Delinquent taxes and special assessments			<u>25,411</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 27)		\$	<u>70,363</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, 2015

	General	Debt Service	Tax Incremental District #1	Capital Projects	Tax Incremental District #2	Total Governmental Funds
Revenues						
Taxes	\$ 1,518,469	\$ 376,124	\$ 1,300,110	\$ 781,714	\$ 505,598	\$ 4,482,015
Excess Stadium District sales tax	-	406,658	-	-	-	406,658
Special assessments	-	25,676	-	-	-	25,676
Intergovernmental	644,301	-	2,900	-	172	647,373
Licenses and permits	249,679	-	-	-	-	249,679
Fines and forfeits	73,032	-	-	-	-	73,032
Public charges for services	463,172	-	-	-	-	463,172
Other	32,443	1,468	-	20,520	-	54,431
Total Revenues	2,981,096	809,926	1,303,010	802,234	505,770	6,402,036
Expenditures						
Current						
General government	753,883	-	5,612	-	-	759,495
Public safety	1,223,345	-	-	-	-	1,223,345
Public works	745,187	-	-	-	-	745,187
Health and human services	2,560	-	-	-	-	2,560
Culture and recreation	19,310	-	-	-	-	19,310
Conservation and development	33,632	-	53,000	-	24,345	110,977
Debt service						
Principal	-	184,750	1,881,520	-	1,328,580	3,394,850
Interest and fiscal charges	-	218,518	372,816	-	153,708	745,042
Capital outlay	-	-	1,611,347	648,447	783,679	3,043,473
Total Expenditures	2,777,917	403,268	3,924,295	648,447	2,290,312	10,044,239
Excess of Revenues Over (Under)						
Expenditures	203,179	406,658	(2,621,285)	153,787	(1,784,542)	(3,642,203)
Other Financing Sources (Uses)						
Long-term debt issued	-	-	1,590,000	-	2,040,000	3,630,000
Premium on debt issued	-	-	47,754	-	45,983	93,737
Transfers in	41,654	-	-	90,837	-	132,491
Transfers out	(90,837)	-	-	-	-	(90,837)
Total Other Financing Sources (Uses)	(49,183)	-	1,637,754	90,837	2,085,983	3,765,391
Net Change in Fund Balances	153,996	406,658	(983,531)	244,624	301,441	123,188
Fund Balances - January 1, as originally reported	1,032,196	-	1,896,517	1,346,484	163,930	4,439,127
Prior period adjustment	(27,747)	-	-	-	-	(27,747)
Net position - January 1, as restated	1,004,449	-	1,896,517	1,346,484	163,930	4,411,380
Fund Balances - December 31	\$ 1,158,445	\$ 406,658	\$ 912,986	\$ 1,591,108	\$ 465,371	\$ 4,534,568

(Continued)

VILLAGE OF HOBART, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2015

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page	\$	123,188
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	\$ 1,051,281	
Depreciation expense reported in the statement of activities	<u>(337,580)</u>	713,701
The acquisition of land held for resale in governmental activities is reported as an expenditure in the governmental funds		660,564
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		3,394,850
Long-term debt issued		(3,630,000)
Net change in premium		(64,397)
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.		40,455
Revenues reported in the fund statement that were earned in a prior year are not recognized as revenues in the statement of activities.		(25,676)
Change in the net pension asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan		(1,229)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		<u>(2,336)</u>
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 28 - 29)		<u>\$ 1,209,120</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, 2015

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,512,255	\$ 1,512,255	\$ 1,518,469	\$ 6,214
Intergovernmental	618,887	618,887	644,301	25,414
Licenses and permits	149,280	149,280	249,679	100,399
Fines and forfeits	52,500	52,500	73,032	20,532
Public charges for services	455,871	455,871	463,172	7,301
Other general government	24,110	24,110	32,443	8,333
Total Revenues	2,812,903	2,812,903	2,981,096	168,193
Expenditures				
General government	793,904	793,904	753,883	40,021
Public safety	1,279,643	1,279,643	1,223,345	56,298
Public works	735,137	735,137	745,187	(10,050)
Health and human services	3,484	3,484	2,560	924
Culture and recreation	9,250	9,250	19,310	(10,060)
Conservation and development	37,800	37,800	33,632	4,168
Total Expenditures	2,859,218	2,859,218	2,777,917	81,301
Excess of Revenues Over (Under) Expenditures	(46,315)	(46,315)	203,179	249,494
Other Financing Sources (Uses)				
Transfers in	46,315	46,315	41,654	(4,661)
Transfers out	-	-	(90,837)	(90,837)
Total Other Financing Sources (Uses)	46,315	46,315	(49,183)	(95,498)
Net Change in Fund Balance	-	-	153,996	153,996
Fund Balance - January 1, as originally reported	1,032,196	1,032,196	1,032,196	-
Prior period adjustment	(27,747)	(27,747)	(27,747)	-
Net position - January 1, as restated	1,004,449	1,004,449	1,004,449	-
Fund Balance - December 31	\$ 1,004,449	\$ 1,004,449	\$ 1,158,445	\$ 153,996

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, 2015

	Water Utility	Sewer Utility	Storm Water Utility	Total
ASSETS				
Current assets				
Cash and investments	\$ 696,449	\$ 88,754	\$ 425,055	\$ 1,210,258
Accounts receivable	142,925	216,977	-	359,902
Total Current Assets	839,374	305,731	425,055	1,570,160
Noncurrent assets				
Net pension asset	15,008	12,552	15,534	43,094
Capital assets, nondepreciable				
Land	65,030	-	-	65,030
Construction in progress	3,082	-	509,188	512,270
Property held for future use	-	508,671	-	508,671
Capital assets, depreciable				
Buildings	907,161	-	-	907,161
Improvements other than buildings	10,148,873	8,929,376	2,059,471	21,137,720
Equipment	973,013	2,704,520	68,119	3,745,652
Less: Accumulated depreciation	(2,860,435)	(3,829,266)	(241,129)	(6,930,830)
Total Capital Assets, Net of Accumulated Depreciation	9,251,732	8,325,853	2,411,183	19,988,768
Other Assets				
Special assessments	-	-	17,141	17,141
Special assessments deferred	170,318	-	2,693	173,011
Total Noncurrent Assets	9,422,050	8,325,853	2,431,017	20,178,920
TOTAL ASSETS	10,261,424	8,631,584	2,856,072	21,749,080
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	13,646	12,297	16,677	42,620
LIABILITIES				
Current Liabilities				
Accounts payable	30,628	65,126	13,170	108,924
Accrued expenses	3,012	2,524	2,938	8,474
Accrued interest	9,841	81,262	-	91,103
Due within one year	161,365	331,872	-	493,237
Total Current Liabilities	204,846	480,784	16,108	701,738
Noncurrent				
Due in more than one year	2,960,165	3,763,959	-	6,724,124
TOTAL LIABILITIES	3,165,011	4,244,743	16,108	7,425,862
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	333	315	453	1,101
NET POSITION				
Net investment in capital assets	6,115,194	4,217,470	2,395,649	12,728,313
Pension benefits	28,321	24,534	31,758	84,613
Unrestricted	966,211	156,819	428,781	1,551,811
TOTAL NET POSITION	\$ 7,109,726	\$ 4,398,823	\$ 2,856,188	\$ 14,364,737

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, 2015

	Water Utility	Sewer Utility	Storm Water Utility	Total
Operating Revenues				
Charges for Services				
Metered sales				
Residential	\$ 510,141	\$ 665,541	\$ -	\$ 1,175,682
Commercial	26,256	47,277	-	73,533
Industrial	-	82,190	-	82,190
Public authority	1,794	4,732	-	6,526
Multi-family	58,586	109,210	-	167,796
Private fire protection	14,190	-	-	14,190
Public fire protection	223,034	-	-	223,034
Total Charges for Services	834,001	908,950	-	1,742,951
Other Operating Revenues				
Inspection fees	2,170	4,509	-	6,679
Well operation permits	3,480	-	-	3,480
Other operating revenues	12,574	8,654	467,139	488,367
Total Other Operating Revenues	18,224	13,163	467,139	498,526
Total Operating Revenues	852,225	922,113	467,139	2,241,477
Operating Expenses				
Operation and Maintenance				
Purchased water	235,194	-	-	235,194
Power for pumping	18,294	5,502	-	23,796
Operation labor	53,540	46,349	25,051	124,940
Treatment charges	-	387,145	-	387,145
Chemicals	654	-	-	654
Maintenance of plant	23,951	6,786	35,544	66,281
Operation supplies and expense	8,883	9,328	1,527	19,738
Administrative and general salaries	32,841	25,882	64,124	122,847
Office supplies and expense	4,999	-	-	4,999
Outside services	47,466	62,394	80,678	190,538
Employee pensions and benefits	20,257	15,517	19,809	55,583
Regulatory expense	895	-	-	895
Insurance expense	3,893	3,893	-	7,786
Miscellaneous general expenses	2,542	1,006	2,006	5,554
Total Operation and Maintenance	453,409	563,802	228,739	1,245,950
Depreciation	254,126	240,807	56,768	551,701
Taxes	4,053	7,701	6,631	18,385
Total Operating Expenses	711,588	812,310	292,138	1,816,036
Operating Income	140,637	109,803	175,001	425,441
Nonoperating Revenues (Expenses)				
Interest income	8	232	-	240
Write off uncollectible special assessments	-	-	(61,490)	(61,490)
Hook-up fees	-	17,200	-	17,200
Interest and fiscal charges	(102,270)	(148,575)	-	(250,845)
Total Nonoperating Revenues (Expenses)	(102,262)	(131,143)	(61,490)	(294,895)
Income (Loss) Before Contributions and Transfers	38,375	(21,340)	113,511	130,546
Capital contributions	153,116	157,839	175,822	486,777
Transfers out	(41,654)	-	-	(41,654)
Change in Net Position	149,837	136,499	289,333	575,669
Net position - January 1, as originally reported	6,933,611	4,239,704	2,536,584	13,709,899
Cumulative Effect of Change in Accounting Principle	26,278	22,620	30,271	79,169
Net Position - January 1, as restated	6,959,889	4,262,324	2,566,855	13,789,068
Net Position - December 31	\$ 7,109,726	\$ 4,398,823	\$ 2,856,188	\$ 14,364,737

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, 2015

	Water Utility	Sewer Utility	Storm Water Utility	Total
Cash Flows from Operating Activities				
Cash received from user charges	\$ 842,336	\$ 901,318	\$ 456,802	\$ 2,200,456
Cash payments to suppliers	(329,413)	(463,726)	(113,231)	(906,370)
Cash payments to employees	(114,706)	(95,029)	(117,102)	(326,837)
Net Cash Provided by Operating Activities	<u>398,217</u>	<u>342,563</u>	<u>226,469</u>	<u>967,249</u>
Cash Flows from Non-Capital Financing Activities				
Transfer to other funds	(41,654)	-	-	(41,654)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(24,012)	-	(155,395)	(179,407)
Principal payments on long-term debt	(155,800)	(318,611)	-	(474,411)
Interest payments on long-term debt	(102,943)	(156,019)	-	(258,962)
Hook up fees	-	17,200	-	17,200
Intergovernmental aid	-	-	95,742	95,742
Contributions from property owners	143	2,815	-	2,958
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(282,612)</u>	<u>(454,615)</u>	<u>(59,653)</u>	<u>(796,880)</u>
Cash Flows from Investing Activities				
Interest on investments	8	232	-	240
Net Increase (Decrease) in Cash and Cash Equivalents	73,959	(111,820)	166,816	128,955
Cash and Cash Equivalents - Beginning of Year	622,490	200,574	258,239	1,081,303
Cash and Cash Equivalents - End of Year	<u>\$ 696,449</u>	<u>\$ 88,754</u>	<u>\$ 425,055</u>	<u>\$ 1,210,258</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 140,637	\$ 109,803	\$ 175,001	\$ 425,441
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	254,126	240,807	56,768	551,701
Depreciation allocation for meters	9,708	(9,708)	-	-
Change in pension related assets and deferred outflows/inflows	(2,043)	(1,914)	(1,487)	(5,444)
Changes in assets and liabilities				
Accounts receivable	(9,889)	(20,795)	-	(30,684)
Special assessments	-	-	(10,337)	(10,337)
Accounts payable	5,316	24,080	6,527	35,923
Accrued expenses	362	290	(3)	649
Net Cash Provided by Operating Activities	<u>\$ 398,217</u>	<u>\$ 342,563</u>	<u>\$ 226,469</u>	<u>\$ 967,249</u>
Noncash Investing, Capital and Financing Activities				
Capital assets contributed	<u>\$ 153,116</u>	<u>\$ 157,839</u>	<u>\$ 80,080</u>	<u>\$ 391,035</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, 2015

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 No. 61.

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, 2015

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, 2015

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, 2015

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:

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

e. Deferred Outflows/Inflows of Resources

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 has one item that qualifies for reporting in this category in the government-wide statement of net position. The item is related to the Village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

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, represents 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 two items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the Village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The Village also has an additional type of item, which arises only under a modified accrual basis of accounting, which 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, delinquent taxes and assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Pensions

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

h. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that 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.

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.
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, 2015.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

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 \$8,178,688 on December 31, 2015 as summarized below:

Deposits with financial institutions	\$ 7,867,961
Investments	
Wisconsin local government investment pool	<u>310,727</u>
	<u>\$ 8,178,688</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	<u>\$ 8,178,688</u>

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 the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS

As of December 31, 2015, \$6,333,379 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$6,076,169 of the uninsured balance was 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
Wisconsin Local Government Investment Pool	\$ 310,727	\$ -	\$ -	\$ -	\$ 310,727

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
Wisconsin Local Government Investment Pool	\$ 310,727	\$ 310,727	\$ -	\$ -	\$ -

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$310,727 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, 2015, 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, 2015

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 College and the State of Wisconsin. Brown County has assumed tax collection responsibilities for the Village.

3. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,343,548	\$ 14,204	\$ -	\$ 2,357,752
Construction work in progress	1,194,976	747,208	413,091	1,529,093
Total capital assets, not being depreciated	<u>3,538,524</u>	<u>761,412</u>	<u>413,091</u>	<u>3,886,845</u>
Capital assets, being depreciated:				
Buildings	1,127,224	-	-	1,127,224
Machinery and equipment	1,696,908	270,752	31,078	1,936,582
Infrastructure	4,177,291	432,208	-	4,609,499
Subtotals	<u>7,001,423</u>	<u>702,960</u>	<u>31,078</u>	<u>7,673,305</u>
Less accumulated depreciation for:				
Buildings	641,823	25,932	-	667,755
Machinery and equipment	1,087,784	157,998	31,078	1,214,704
Infrastructure	673,172	153,650	-	826,822
Subtotals	<u>2,402,779</u>	<u>337,580</u>	<u>31,078</u>	<u>2,709,281</u>
Total capital assets, being depreciated, net	<u>4,598,644</u>	<u>365,380</u>	<u>-</u>	<u>4,964,024</u>
Governmental activities capital assets, net	<u>\$ 8,137,168</u>	<u>\$ 1,126,792</u>	<u>\$ 413,091</u>	8,850,869
Less related long-term debt outstanding				<u>6,754,249</u>
Net investment in capital assets				<u>\$ 2,096,620</u>

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

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	396,318	156,163	40,211	512,270
Property held for future use	508,671	-	-	508,671
Subtotals	<u>970,019</u>	<u>156,163</u>	<u>40,211</u>	<u>1,085,971</u>
Capital assets, being depreciated:				
Buildings	907,161	-	-	907,161
Improvements other than buildings	20,848,949	296,651	7,880	21,137,720
Machinery and equipment	3,587,813	157,839	-	3,745,652
Subtotals	<u>25,343,923</u>	<u>454,490</u>	<u>7,880</u>	<u>25,790,533</u>
Less accumulated depreciation for:				
Buildings	190,147	29,030	-	219,177
Improvements other than buildings	4,776,031	413,602	7,880	5,181,753
Machinery and equipment	1,420,831	109,069	-	1,529,900
Subtotals	<u>6,387,009</u>	<u>551,701</u>	<u>7,880</u>	<u>6,930,830</u>
Total capital assets, being depreciated, net	<u>18,956,914</u>	<u>(97,211)</u>	<u>-</u>	<u>18,859,703</u>
Business-type activities capital assets, net	<u>\$ 19,926,933</u>	<u>\$ 58,952</u>	<u>\$ 40,211</u>	<u>19,945,674</u>
Less related long-term debt outstanding				<u>7,217,361</u>
Net investment in capital assets				<u>\$ 12,728,313</u>

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

Governmental activities	
General government	\$ 23,729
Public safety	87,095
Public works	218,461
Culture and recreation	3,695
Conservation and development	4,600
Total depreciation expense - governmental activities	<u>\$ 337,580</u>
Business-type activities	
Water utility	\$ 254,126
Sewer utility	240,807
Storm water utility	56,768
Total depreciation expense - business-type activities	<u>\$ 551,701</u>

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2015 were as follows:

	Transfer to:		
	General Fund	Capital Projects	Total
Transfers from:			
Water utility enterprise fund	\$ 41,654	\$ -	\$ 41,654
General fund	-	90,837	90,837
Totals	<u>\$ 41,654</u>	<u>\$ 90,837</u>	<u>\$ 132,491</u>

The general fund transfer for 2015 relates to the utility payment in lieu of taxes made by the water utility to the Village's general fund. The transfer from general fund to capital projects was to transfer excess funds per Village policy.

5. Long-term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2015:

	Outstanding 1/1/15	Issued	Retired	Outstanding 12/31/15	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 15,354,500	\$ 3,630,000	\$ 449,750	\$ 18,534,750	\$ 1,079,750
Notes	4,020,100	-	2,945,100	1,075,000	100,000
Premium on debt issued	255,936	93,737	29,340	320,333	32,900
Governmental activities Long-term obligations	<u>\$ 19,630,536</u>	<u>\$ 3,723,737</u>	<u>\$ 3,424,190</u>	<u>\$ 19,930,083</u>	<u>\$ 1,212,650</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 5,483,726	\$ -	\$ 282,342	\$ 5,201,384	\$ 293,378
Notes payable - Green Bay MSD	2,208,046	-	192,069	2,015,977	199,859
Business-type activities Long-term obligations	<u>\$ 7,691,772</u>	<u>\$ -</u>	<u>\$ 474,411</u>	<u>\$ 7,217,361</u>	<u>\$ 493,237</u>

Total interest paid during the year on long-term debt totaled \$907,419.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$1,125,000 issued 7/15/03; \$115,000 due in 2016; interest 3.8%	\$ 115,000
\$420,000 issued 4/1/07; \$95,000 due in 2016 and \$100,000 due in 2017; interest 4.15%	195,000
\$1,300,000 issued 11/22/10; \$45,000 to \$55,000 due annually through 2024; interest 2.5% to 3.45%	445,000
\$1,895,000 issued 11/22/10; \$110,000 to \$165,000 due annually through 2026; interest 2.3% to 5.05%	1,475,000
\$2,900,000 issued 6/7/11; \$125,000 to \$360,000 due annually through 2026; interest 3.0% to 4.05%	2,440,000
\$1,093,507 issued in 2011; \$48,128 to \$66,705 due annually through 2031; interest 2.2%	911,134
\$5,000,000 issued 7/10/12; \$250,000 to \$370,000 due annually through 2029; interest 2.75% to 3.125%	4,295,000
\$6,450,000 issued 4/15/13; \$160,000 to \$635,000 due annually through 2029; interest 2.25% to 3.70%	6,450,000
\$3,780,000 issued 1/28/14; \$100,000 to \$555,000 due annually through 2029; interest 2.0% to 3.8%	3,780,000
\$1,090,000 issued 6/15/15; \$110,000 to \$135,000 due annually 2021 through 2029; interest 2.3% to 3.25%	1,090,000
\$2,540,000 issued 6/15/15; \$70,000 to \$320,000 due annually through 2032; interest 3.0% to 4.2%	2,540,000

Notes

\$1,110,000 issued 1/28/14; \$100,000 to \$150,000 due annually through 2023; interest 2.0% to 4.1%	1,075,000
--	-----------

Total Outstanding General Obligation Debt

\$ 24,811,134

Annual principal and interest maturities of the outstanding general obligation debt of \$24,811,134 on December 31, 2015 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,179,750	\$ 636,345	\$ 293,378	\$ 158,649	\$ 1,473,128	\$ 794,994
2017	1,284,750	575,636	299,437	150,497	1,584,187	726,133
2018	1,179,750	541,833	305,519	142,178	1,485,269	684,011
2019	1,197,500	508,844	313,875	133,304	1,511,375	642,148
2020	1,257,500	472,958	330,005	123,630	1,587,505	596,588
2021 - 2025	6,870,500	1,734,735	2,379,869	414,990	9,250,369	2,149,725
2026 - 2030	6,345,000	533,510	1,212,597	65,751	7,557,597	599,261
2031 - 2032	295,000	12,422	66,704	734	361,704	13,156
	<u>\$ 19,609,750</u>	<u>\$ 5,016,283</u>	<u>\$ 5,201,384</u>	<u>\$ 1,189,733</u>	<u>\$ 24,811,134</u>	<u>\$ 6,206,016</u>

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

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, 2015 was \$13,172,669 as follows:

Equalized valuation of the Village		\$ 751,542,900
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		37,577,145
Total outstanding general obligation debt applicable to debt limitation	\$ 24,811,134	
Less: Amounts available for financing general obligation debt		
Debt service fund	406,658	
Net outstanding general obligation debt applicable to debt limitation		24,404,476
Legal Margin for New Debt		\$ 13,172,669

Notes Payable - Green Bay Metropolitan Sewage District

Notes Payable - Green Bay Metropolitan Sewage District outstanding on December 31, 2015 totaled \$2,015,977 and was comprised of the following issues:

\$135,545 issued 1992 for interceptor construction; \$4,674 due annually through 2020; non-interest bearing		\$ 23,370
\$1,697,786 issued 1999 for interceptor construction; \$89,708 to \$113,506 due annually through 2022; interest 4.0%		708,484
\$2,151,581 issued 2005 for interceptor construction; \$105,477 to \$154,069 due annually through 2025; interest 4.3%		1,284,123
Total Notes Payable - Green Bay MSD		\$ 2,015,977

Annual principal and interest payments of the above outstanding notes payable on December 31, 2015 are shown below:

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
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 - 2025	932,032	107,550	1,039,582
	\$ 2,015,977	\$ 440,723	\$ 2,456,700

Refunding of Debt

During 2015, the Village called the outstanding balance of the 2014 \$2,910,000 State Trust Fund Note using the proceeds of the June 2015 general obligation refunding issues. The purpose of the call was to retire the notes and replace them with permanent financing. There was no gain or loss on the transaction.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Pension Plan

a. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

b. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

c. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$74,948 in contributions from the Village.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

- d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Village reported an asset of \$190,118 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Village's proportion was .00774009%, which was an increase of .00014164% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Village recognized pension expense of \$73,443.

At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,561	\$ -
Net differences between projected and actual earnings on pension plan investments	92,064	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	5,100
Employer contributions subsequent to the measurement date	74,066	-
Total	\$ 193,691	\$ 5,100

\$74,066 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 27,273	\$ 1,163
2017	27,273	1,163
2018	27,273	1,163
2019	27,273	1,163
2020	10,533	448

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumption

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

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

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Debt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

VILLAGE OF HOBART, WISCONSIN

Notes to Basic Financial Statements

December 31, 2015

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Village's proportionate share of the net pension asset (liability)	\$ (536,355)	\$ 190,118	\$ 763,857

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

f. Payable to the WRS

At December 31, 2015 the Village reported a payable of \$10,253 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

NOTE D - OTHER INFORMATION

1. Risk Management

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

2. 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 2015 and 2016 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 2015 budget was 4.55%. The actual limit for the Village for the 2016 budget was 3.74%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

VILLAGE OF HOBART, WISCONSIN
Notes to Basic Financial Statements
December 31, 2015

NOTE D - OTHER INFORMATION (Continued)

3. 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.

4. Cumulative Effect of Change in Accounting Principles

The Village has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Governmental Activities	Business-type Activities			Total	Total
		Water Utility	Sewer Utility	Storm Water Utility		
Net Pension Asset	\$ 236,580	\$ 21,393	\$ 17,980	\$ 23,616	\$ 62,989	\$ 299,569
Deferred Outflows of Resources	58,745	4,885	4,640	6,655	16,180	74,925
Total Cumulative Effect of Change in Accounting Principle	\$ 295,325	\$ 26,278	\$ 22,620	\$ 30,271	\$ 79,169	\$ 374,494

5. Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also requires disclosures about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

6. Prior Period Adjustment

The Village recorded a prior period adjustment of \$27,747 in the governmental funds financial statements. This adjustment was to reclassify the delinquent special assessments and personal property taxes as a deferred inflow of resources.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HOBART, WISCONSIN
Schedule of Proportionate Share of the Net Pension Asset
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Proportion of the net pension asset	0.00774009%
Proportionate share of the net pension asset	\$190,118
Covered-employee payroll	\$939,257
Plan fiduciary net position as a percentage of the total pension asset	102.74%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

VILLAGE OF HOBART, WISCONSIN
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

	2015
Contractually required contributions	\$74,948
Contributions in relation to the contractually required contributions	\$74,948
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$939,257
Contributions as a percentage of covered-employee payroll	7.98%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

See Notes to Required Supplementary Information.

VILLAGE OF HOBART, WISCONSIN
Notes to Required Supplementary Information
December 31, 2015

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The Village implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

NOTE B - WISCONSIN RETIREMENT SYSTEM

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

SUPPLEMENTARY INFORMATION

VILLAGE OF HOBART, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Revenues
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Taxes				
General property	\$ 1,503,371	\$ 1,505,690	\$ 2,319	\$ 1,419,898
Managed forest crop tax	140	59	(81)	69
Payment in lieu of taxes	1,744	-	(1,744)	-
Interest on taxes	6,500	11,884	5,384	4,077
Use value penalty	500	836	336	1,928
Total Taxes	1,512,255	1,518,469	6,214	1,425,972
Intergovernmental				
Federal aids				
Police grant	10,050	22,389	12,339	23,850
State aids				
Shared taxes	63,060	63,060	-	63,060
Fire insurance	29,500	28,077	(1,423)	28,446
Fire department grant	-	3,616	3,616	1,128
Transportation	191,685	191,314	(371)	182,946
Local road improvement program	-	-	-	50,875
Exempt computer aid	2,106	2,559	453	2,106
Recycling	18,500	18,388	(112)	18,386
Local aids				
Reimbursements from the Town of Lawrence	303,986	314,898	10,912	238,494
Total Intergovernmental	618,887	644,301	25,414	609,291
Licenses and Permits				
Quarry permits	2,200	4,375	2,175	3,235
Liquor and malt beverages	2,480	2,480	-	3,100
Operators license	5,750	10,424	4,674	7,041
Cigarette license	50	150	100	50
Dog license	1,350	2,438	1,088	642
Cable TV franchise fees	48,800	52,661	3,861	48,229
Building permits and associated fees	85,750	120,987	35,237	119,905
Site review permits	700	450	(250)	900
Park fee/building permits	-	34,800	34,800	28,200
Park developer fees	-	17,374	17,374	8,319
Zoning permits	2,200	3,540	1,340	1,950
Total Licenses and Permits	149,280	249,679	100,399	221,571
Fines and Forfeits				
Court fines and penalties	52,500	73,032	20,532	45,145

(Continued)

VILLAGE OF HOBART, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Revenues (Continued)
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Public Charges for Services				
General government	5,000	6,360	1,360	10,815
Garbage collection	334,416	334,735	319	310,476
Police liaison fees	16,130	15,150	(980)	15,810
Street lighting	66,450	65,043	(1,407)	65,911
Fire calls	2,000	6,821	4,821	200
Park rentals	5,150	7,915	2,765	6,041
Land and tower rental fees	26,725	27,148	423	29,467
Total Public Charges for Services	455,871	463,172	7,301	438,720
Other General Government				
Reimbursements	2,787	13,414	10,627	10,304
Interest	18,000	15,677	(2,323)	15,295
Other general government	3,323	3,352	29	3,346
Total Other General Government	24,110	32,443	8,333	28,945
Total Revenues	\$ 2,812,903	\$ 2,981,096	\$ 168,193	\$ 2,769,644

VILLAGE OF HOBART, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
For the Year Ended December 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
General Government				
Board	\$ 52,693	\$ 51,980	\$ 713	\$ 52,159
Municipal court	71,103	68,793	2,310	65,712
Legal	204,500	184,100	20,400	177,721
Administrator	89,701	88,302	1,399	86,808
Clerk	94,191	93,877	314	92,564
General government	69,511	48,333	21,178	17,183
Information technology	50,225	46,938	3,287	51,345
Elections	8,182	3,593	4,589	5,772
Audit and other accounting	5,112	5,112	-	5,190
Treasurer	34,524	35,905	(1,381)	33,485
Uncollected taxes and refunds	3,500	3,068	432	2,375
Assessor	32,550	31,410	1,140	33,001
General building and equipment	51,171	47,672	3,499	51,690
General insurance	26,941	44,800	(17,859)	25,660
Total General Government	793,904	753,883	40,021	700,665
Public Safety				
Police department	781,732	718,272	63,460	687,090
Fire department	369,105	378,252	(9,147)	363,308
Building inspection	69,855	68,731	1,124	64,896
Ambulance	58,090	58,090	-	56,691
First responders	861	-	861	165
Total Public Safety	1,279,643	1,223,345	56,298	1,172,150
Public Works				
Highway administration	47,056	37,544	9,512	45,429
Highway maintenance and construction	284,954	282,095	2,859	268,379
Street lighting	79,877	83,103	(3,226)	78,438
Garbage collection	323,250	342,445	(19,195)	307,775
Total Public Works	735,137	745,187	(10,050)	700,021
Health and Human Services				
Animal control	3,484	2,560	924	2,585
Culture and Recreation				
Parks	9,250	19,310	(10,060)	47,929
Conservation and Development				
Economic development	34,750	32,047	2,703	94,323
Planning	3,050	1,525	1,525	2,100
Memorial brick/tree	-	60	(60)	27
Total Conservation and Development	37,800	33,632	4,168	96,450
Total Expenditures	\$ 2,859,218	\$ 2,777,917	\$ 81,301	\$ 2,719,800

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, 2015

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 376,124	\$ 376,124	\$ 376,124	\$ -
Excess Stadium District sales tax	-	-	406,658	406,658
Special assessments	25,676	25,676	25,676	-
Other	1,468	1,468	1,468	-
Total Revenues	403,268	403,268	809,926	406,658
Expenditures				
Debt service				
Principal	184,750	184,750	184,750	-
Interest and fiscal charges	218,518	218,518	218,518	-
Total Expenditures	403,268	403,268	403,268	-
Net Change in Fund Balance	-	-	406,658	406,658
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ 406,658	\$ 406,658

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, 2015

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,300,110	\$ 1,300,110	\$ 1,300,110	\$ -
Intergovernmental	4,693	4,693	2,900	(1,793)
Other	1,000	1,000	-	(1,000)
Total Revenues	1,305,803	1,305,803	1,303,010	(2,793)
Expenditures				
General government	8,861	8,861	5,612	3,249
Conservation and development	71,842	71,842	53,000	18,842
Debt service				
Principal	293,921	293,921	1,881,520	(1,587,599)
Interest and fiscal charges	296,657	296,657	372,816	(76,159)
Capital outlay	140,189	140,189	1,611,347	(1,471,158)
Total Expenditures	811,470	811,470	3,924,295	(3,112,825)
Excess of Revenues Over (Under) Expenditures	494,333	494,333	(2,621,285)	(3,115,618)
Other Financing Sources				
Long-term debt issued	-	-	1,590,000	1,590,000
Premium on debt issued	-	-	47,754	47,754
Total Other Financing Sources	-	-	1,637,754	1,637,754
Net Change in Fund Balance	494,333	494,333	(983,531)	(1,477,864)
Fund Balance - January 1	1,896,517	1,896,517	1,896,517	-
Fund Balance - December 31	\$ 2,390,850	\$ 2,390,850	\$ 912,986	\$ (1,477,864)

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, 2015

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 781,714	\$ 781,714	\$ 781,714	\$ -
Other	-	-	20,520	20,520
Total Revenues	<u>781,714</u>	<u>781,714</u>	<u>802,234</u>	<u>20,520</u>
Expenditures				
Capital outlay	<u>781,714</u>	<u>781,714</u>	<u>648,447</u>	<u>133,267</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>153,787</u>	<u>153,787</u>
Other Financing Sources				
Transfers in	<u>-</u>	<u>-</u>	<u>90,837</u>	<u>90,837</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>244,624</u>	<u>244,624</u>
Fund Balance - January 1	<u>1,346,484</u>	<u>1,346,484</u>	<u>1,346,484</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,346,484</u>	<u>\$ 1,346,484</u>	<u>\$ 1,591,108</u>	<u>\$ 244,624</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, 2015

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 505,598	\$ 505,598	\$ 505,598	\$ -
Intergovernmental	283	283	172	(111)
Other	200	200	-	(200)
Total Revenues	506,081	506,081	505,770	(311)
Expenditures				
Current				
Conservation and development	25,535	25,535	24,345	1,190
Debt service				
Principal	6,080	6,080	1,328,580	(1,322,500)
Interest and fiscal charges	90,371	90,371	153,708	(63,337)
Capital outlay	75,611	75,611	783,679	(708,068)
Total Expenditures	197,597	197,597	2,290,312	(2,092,715)
Excess of Revenues Over (Under) Expenditures	308,484	308,484	(1,784,542)	(2,093,026)
Other Financing Sources				
Long-term debt issued	-	-	2,040,000	2,040,000
Premium on debt issued	-	-	45,983	45,983
Total Other Financing Sources	-	-	2,085,983	2,085,983
Net Change in Fund Balance	308,484	308,484	301,441	(7,043)
Fund Balance - January 1	163,930	163,930	163,930	-
Fund Balance - December 31	\$ 472,414	\$ 472,414	\$ 465,371	\$ (7,043)

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>	67 - 73
Revenue Capacity	
<i>These schedules contain information to help the reader assess Hobart's most significant local revenue source, the property tax.</i>	74 - 77
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>	78 - 86
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>	87 - 89
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>	90 - 96

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ (3,968,843)	\$ (3,978,294)	\$ (2,750,144)	\$ (2,984,075)	\$ (2,808,581)	\$ (461,062)	\$ 1,844,162	\$ 1,741,855	\$ 3,064,924	\$ 2,096,620
Restricted for debt service	2,048,987	2,025,009	2,893,565	2,231,596	2,975,086	-	-	-	-	406,658
Restricted for pension benefits	-	-	-	-	-	-	-	-	-	294,096
Restricted for subsequent year projects	-	-	-	-	-	-	54,229	108,194	101,625	139,053
Unrestricted	1,363,306	2,420,326	2,956,681	1,849,451	(1,455,816)	(2,648,131)	(3,933,870)	(3,921,210)	(4,600,631)	(2,866,064)
Total governmental activities net position	\$ (556,550)	\$ 467,041	\$ 3,100,102	\$ 1,096,972	\$ (1,289,311)	\$ (3,109,193)	\$ (2,035,479)	\$ (2,071,161)	\$ (1,434,082)	\$ 70,363
Business-type activities										
Invested in capital assets, net of related debt	\$ 3,901,744	\$ 4,103,865	\$ 4,520,238	\$ 6,638,133	\$ 7,546,488	\$ 10,100,028	\$ 9,836,695	\$ 11,793,249	\$ 12,235,161	\$ 12,728,313
Restricted for pension benefits	-	-	-	-	-	-	-	-	-	84,613
Unrestricted	2,693,297	2,589,853	2,842,413	2,974,635	2,906,144	2,640,075	2,122,898	1,939,819	1,474,738	1,551,811
Total business-type activities net position	\$ 6,595,041	\$ 6,693,718	\$ 7,362,651	\$ 9,612,768	\$ 10,452,632	\$ 12,740,103	\$ 11,959,593	\$ 13,733,068	\$ 13,709,899	\$ 14,364,737
Primary government										
Invested in capital assets, net of related debt	\$ (67,099)	\$ 125,571	\$ 1,770,094	\$ 3,654,058	\$ 4,737,907	\$ 9,638,966	\$ 11,680,857	\$ 13,535,104	\$ 15,300,085	\$ 14,824,933
Restricted for debt service	2,048,987	2,025,009	2,893,565	2,231,596	2,975,086	-	-	-	-	406,658
Restricted for pension benefits	-	-	-	-	-	-	-	-	-	378,709
Restricted for subsequent year projects	-	-	-	-	-	-	54,229	108,194	101,625	139,053
Unrestricted	4,056,603	5,010,179	5,799,094	4,824,086	1,450,328	(8,056)	(1,810,972)	(1,981,391)	(3,125,893)	(1,314,253)
Total primary government net position	\$ 6,038,491	\$ 7,160,759	\$ 10,462,753	\$ 10,709,740	\$ 9,163,321	\$ 9,630,910	\$ 9,924,114	\$ 11,661,907	\$ 12,275,817	\$ 14,435,100

Note:

For the 2006 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.
In 2015, the Village adopted GASB Statement #68 and Statement #71.

VILLAGE OF HOBART, WISCONSIN
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 678,499	\$ 862,870	\$ 1,115,624	\$ 744,638	\$ 812,213	\$ 812,043	\$ 692,940	\$ 809,804	\$ 723,121	\$ 744,504
Public safety	709,320	768,584	856,368	1,103,792	980,844	1,196,094	1,208,225	1,308,458	1,291,020	1,389,272
Public works	885,329	660,492	598,413	635,985	624,912	758,866	791,467	990,792	1,045,986	981,275
Health and human services	-	-	-	-	-	6,472	2,115	3,580	2,585	2,560
Culture and recreation	22,441	12,052	29,786	17,102	19,086	33,267	30,068	12,921	58,776	23,005
Conservation and development	60,807	95,358	217,228	1,691,623	2,445,164	1,709,414	2,005,275	1,101,149	923,198	1,390,695
Interest on debt	384,483	356,249	617,230	623,611	729,645	668,157	695,699	687,017	686,468	675,247
Total governmental activities expenses	2,740,879	2,755,605	3,434,649	4,816,751	5,611,864	5,184,313	5,425,789	4,913,721	4,731,154	5,206,558
Business-type activities:										
Water utility	548,739	612,637	658,748	945,171	610,851	725,547	804,064	790,576	817,492	816,192
Sewer utility	699,454	640,548	653,868	681,687	710,856	741,163	765,339	857,597	938,999	958,551
Storm water utility	-	132,751	132,449	308,601	264,817	289,553	411,854	313,793	660,831	353,628
Total business-type activities expenses	1,248,193	1,385,936	1,445,065	1,935,459	1,586,524	1,756,263	1,981,257	1,961,966	2,417,322	2,128,371
Total primary government expenses	\$ 3,989,072	\$ 4,141,541	\$ 4,879,714	\$ 6,752,210	\$ 7,198,388	\$ 6,940,576	\$ 7,407,046	\$ 6,875,687	\$ 7,148,476	\$ 7,334,929

(Continued)

VILLAGE OF HOBART, WISCONSIN
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 270,856	\$ 295,993	\$ 223,901	\$ 221,576	\$ 267,171	\$ 152,674	\$ 176,844	\$ 241,703	\$ 183,146	\$ 186,267
Public safety	67,767	64,502	102,549	117,370	144,909	305,559	366,632	370,041	299,649	409,901
Public works	220,289	281,753	248,957	372,755	377,767	378,614	372,446	378,318	376,387	399,778
Culture and recreation	5,545	3,425	4,580	3,750	9,148	10,909	41,137	48,859	36,519	52,174
Conservation and development	8,919	8,297	5,744	4,631	3,641	4,395	2,389	-	-	-
Operating grants and contributions	347,368	360,791	423,517	468,223	316,680	374,038	313,301	280,086	305,631	263,784
Capital grants and contributions	10,818	1,142	5,125	-	-	294,654	259,029	-	-	-
Total governmental activities program revenue:	931,562	1,015,903	1,014,373	1,188,305	1,119,316	1,520,843	1,531,778	1,319,007	1,201,332	1,311,904
Business-type activities:										
Charges for services:										
Water utility	563,229	574,185	576,105	624,600	585,122	735,753	835,087	818,020	846,119	852,225
Sewer utility	348,635	358,611	583,917	537,004	499,039	567,769	748,137	829,162	892,763	922,113
Storm water utility	-	126,455	456,001	457,177	454,700	465,422	451,273	507,478	517,437	467,139
Capital grants and contributions	35,979	65,978	237,363	-	-	1,114,070	1,204,783	1,577,924	147,315	486,777
Total business-type activities program revenue	947,843	1,125,229	1,853,386	1,618,781	1,538,861	2,883,014	3,239,280	3,732,584	2,403,634	2,728,254
Total primary government program revenues	\$ 1,879,405	\$ 2,141,132	\$ 2,867,759	\$ 2,807,086	\$ 2,658,177	\$ 4,403,857	\$ 4,771,058	\$ 5,051,591	\$ 3,604,966	\$ 4,040,158
Net (expense)/revenue										
Governmental activities	\$ (1,809,317)	\$ (1,739,702)	\$ (2,420,276)	\$ (3,628,446)	\$ (4,492,548)	\$ (3,663,470)	\$ (3,894,011)	\$ (3,594,714)	\$ (3,529,822)	\$ (3,894,654)
Business-type activities	(300,350)	(260,707)	408,321	(316,678)	(47,663)	1,126,751	1,258,023	1,770,618	(13,688)	599,883
Total primary government net expense	\$ (2,109,667)	\$ (2,000,409)	\$ (2,011,955)	\$ (3,945,124)	\$ (4,540,211)	\$ (2,536,719)	\$ (2,635,988)	\$ (1,824,096)	\$ (3,543,510)	\$ (3,294,771)

(Continued)

VILLAGE OF HOBART, WISCONSIN
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,037,262	\$ 2,091,626	\$ 2,140,964	\$ 2,244,255	\$ 2,314,555	\$ 2,475,962	\$ 2,952,098	\$ 3,326,061	\$ 3,940,940	\$ 4,466,900
Other taxes	155,331	29,662	2,087	3,093	16,967	48,810	63,728	61,899	85,134	472,098
Unrestricted state and federal aids	102,566	101,492	105,879	100,895	86,420	85,646	68,438	67,898	70,142	68,691
Interest earnings	430,814	391,204	270,039	267,584	114,206	57,359	29,187	23,793	18,380	17,145
Miscellaneous	31,640	42,426	2,229,016	105,101	132,660	113,682	76,045	41,737	13,650	37,286
Transfers	101,110	106,881	104,412	(2,223,672)	(558,545)	(937,871)	1,948,646	37,644	38,655	41,654
Total governmental activities	2,858,723	2,763,291	4,852,397	497,256	2,106,263	1,843,588	5,138,142	3,559,032	4,166,901	5,103,774
Business-type activities:										
Taxes										
Property taxes	324,228	324,228	324,228	324,228	294,028	194,074	69,530	-	-	-
Interest earnings	53,112	49,435	37,006	12,378	9,801	4,375	778	1,701	374	240
Miscellaneous	66,288	92,601	3,790	6,517	25,153	24,400	35,800	38,800	28,800	17,200
Transfers	(101,110)	(106,881)	(104,412)	2,223,672	558,545	937,871	(1,948,646)	(37,644)	(38,655)	(41,654)
Total business-type activities	342,518	359,383	260,612	2,566,795	887,527	1,160,720	(1,842,538)	2,857	(9,481)	(24,214)
Total primary government	\$ 3,201,241	\$ 3,122,674	\$ 5,113,009	\$ 3,064,051	\$ 2,993,790	\$ 3,004,308	\$ 3,295,604	\$ 3,561,889	\$ 4,157,420	\$ 5,079,560
Change in Net Position										
Governmental activities	\$ 1,049,406	\$ 1,023,589	\$ 2,432,121	\$ (3,131,190)	\$ (2,386,285)	\$ (1,819,882)	\$ 1,244,131	\$ (35,682)	\$ 637,079	\$ 1,209,120
Business-type activities	42,168	98,676	668,933	2,250,117	839,864	2,287,471	(584,515)	1,773,475	(23,169)	575,669
Total primary government	\$ 1,091,574	\$ 1,122,265	\$ 3,101,054	\$ (881,073)	\$ (1,546,421)	\$ 467,589	\$ 659,616	\$ 1,737,793	\$ 613,910	\$ 1,784,789

Note:

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved										
Delinquent tax/assessments				\$ 232,077	\$ 262,128					
Unreserved										
Undesignated	\$ 875,394	\$ 521,609	\$ 538,770	497,855	760,130					
Nonspendable										
Delinquent tax/assessments						\$ 234,996	\$ 244,212	\$ 23,515	\$ 27,747	
Restricted										
Park development							48,365	102,824	96,232	\$ 133,720
Memorial brick/trees							5,864	5,370	5,393	5,333
Unassigned						885,672	1,143,712	1,174,527	902,824	1,019,392
Total general fund	\$ 875,394	\$ 521,609	\$ 538,770	\$ 729,932	\$ 1,022,258	\$ 1,120,668	\$ 1,442,153	\$ 1,306,236	\$ 1,032,196	\$ 1,158,445
All other governmental funds										
Reserved, reported in:										
Debt service fund	\$ 2,048,987	\$ 2,025,009	\$ 2,893,565	\$ 8,681,596	\$ 2,975,086					
Unreserved										
Designated, reported in:										
Tax increment districts				6,286,562	2,976,596					
Capital projects fund	(367,545)	1,249,890	1,816,531	282,700	358,744	319,513				
Restricted, reported in										
Debt service fund										\$ 406,658
Assigned, reported in:										
Tax increment districts						\$ 2,131,966	\$ 2,151,289	\$ 876,440	\$ 2,060,447	1,378,357
Capital projects fund						666,203	621,423	961,186	1,346,484	1,591,108
Total all other governmental funds	\$ 1,681,442	\$ 3,274,899	\$ 4,992,796	\$ 15,326,902	\$ 6,271,195	\$ 2,798,169	\$ 2,772,712	\$ 1,837,626	\$ 3,406,931	\$ 3,376,123
Total governmental funds	\$ 2,556,836	\$ 3,796,508	\$ 5,531,566	\$ 16,056,834	\$ 7,293,453	\$ 3,918,837	\$ 4,214,865	\$ 3,143,862	\$ 4,439,127	\$ 4,534,568

Note:
Years 2006 - 2010 are presented in accordance with generally accepted accounting principles in effect prior to the implementation of GASB Statement #54.
Years 2011 - 2015 are presented in accordance with the requirements of GASB Statement #54.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 2,192,593	\$ 2,121,288	\$ 2,143,051	\$ 2,247,348	\$ 2,331,522	\$ 2,484,820	\$ 2,971,766	\$ 3,341,186	\$ 3,977,845	\$ 4,482,015
Excess Stadium District sales tax	-	-	-	-	-	-	-	-	-	406,658
Special assessments	137,767	127,083	146,579	126,738	124,302	124,303	32,829	30,877	25,677	25,676
Intergovernmental	552,064	579,570	692,648	803,176	674,554	765,561	694,862	652,576	614,267	647,373
Licenses and permits	130,418	112,100	150,683	142,363	182,012	163,321	221,194	295,246	221,571	249,679
Fines and forfeitures	25,349	33,411	55,032	61,927	53,058	50,690	59,764	50,107	45,145	73,032
Public charges for services	223,733	284,770	269,945	383,821	397,837	434,487	431,858	435,750	438,720	463,172
Other	565,018	541,174	2,450,998	1,397,598	144,269	108,769	107,621	199,026	32,030	54,431
Total revenues	3,826,942	3,799,396	5,908,936	5,162,971	3,907,554	4,131,951	4,519,894	5,004,768	5,355,255	6,402,036
Expenditures										
General government	634,448	788,044	1,103,328	732,850	773,662	791,549	668,710	782,172	700,665	759,495
Public safety	649,040	710,553	797,719	893,108	914,222	1,025,913	1,108,532	1,178,274	1,172,150	1,223,345
Public works	515,006	493,925	517,652	557,620	482,609	587,661	606,401	633,306	700,021	745,187
Health and human services	-	-	-	-	-	6,472	2,115	3,580	2,585	2,560
Culture and recreation	-	-	-	13,226	9,863	14,707	15,440	5,291	47,892	19,310
Conservation and development	52,640	40,005	101,257	123,471	114,376	1,522,643	239,166	122,184	161,573	110,977
Capital Outlay	739,739	1,952,433	6,636,302	3,759,414	4,750,829	783,714	2,533,423	2,069,447	3,193,369	3,043,473
Debt service										
Principal retirement	8,772,678	878,452	2,721,941	670,656	8,220,839	3,710,142	5,621,750	7,189,500	1,701,000	3,394,850
Interest and fiscal charges	438,844	233,195	330,091	974,686	760,958	753,941	696,201	700,929	518,856	745,042
Total Expenditures	11,802,395	5,096,607	12,208,290	7,725,031	16,027,358	9,196,742	11,491,738	12,684,683	8,198,111	10,044,239
Excess of revenues over (under) expenditures	(7,975,453)	(1,297,211)	(6,299,354)	(2,562,060)	(12,119,804)	(5,064,791)	(6,971,844)	(7,679,915)	(2,842,856)	(3,642,203)

(continued)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other financing sources (uses)										
Long-term debt issued	335,240	2,430,000	7,930,000	12,975,500	2,962,517	2,585,000	5,210,000	6,450,000	7,800,100	3,630,000
Paid to refunding bond escrow agent	-	-	-	-	-	-	-	-	(3,760,475)	-
Premium on debt issued	-	-	-	-	21,807	43,046	109,226	121,268	59,841	93,737
Transfers in	8,137,736	551,725	902,006	111,828	1,487,591	1,092,059	1,952,719	400,757	547,522	132,491
Transfers out	(8,036,626)	(444,844)	(797,594)	-	(1,115,494)	(2,029,930)	(4,073)	(363,113)	(508,867)	(90,837)
Total other financing sources (uses)	436,350	2,536,881	8,034,412	13,087,328	3,356,421	1,690,175	7,267,872	6,608,912	4,138,121	3,765,391
Net change in fund balances	\$ (7,539,103)	\$ 1,239,670	\$ 1,735,058	\$ 10,525,268	\$ (8,763,383)	\$ (3,374,616)	\$ 296,028	\$ (1,071,003)	\$ 1,295,265	\$ 123,188
Debt service as a percentage of noncapital expenditures	83.3%	35.4%	54.8%	24.2%	79.7%	52.7%	58.6%	67.5%	37.2%	46.0%

Note:

In 2015, the Village recorded a prior period adjustment fund balance change of \$27,747 to reclassify delinquent special assessments and personal property taxes as a deferred inflow of resources.

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
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
2013	3,326,061	52	1,744	4,763	8,566	3,341,186
2014	3,971,771	69	-	4,077	1,928	3,977,845
2015	4,469,236	59	-	11,884	836	4,482,015

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				
2006	\$ 427,056,900	\$ 56,285,700	\$ 7,883,800	\$ 6,551,900	\$ 1,073,200	\$ 498,851,500	\$ 4.89	\$ 622,786,100	80.10%
2007	542,991,500	57,182,000	10,217,500	6,296,600	1,296,000	617,983,600	4.84	609,943,300	101.32%
2008	547,781,700	61,953,200	9,052,800	7,301,500	817,200	626,906,400	3.99	631,037,600	99.35%
2009	553,678,600	62,958,000	8,806,600	7,375,900	1,619,900	634,439,000	4.10	629,680,100	100.76%
2010	549,713,800	64,821,300	9,246,200	7,906,900	1,103,200	632,791,400	4.10	615,521,000	102.81%
2011	559,262,300	73,002,600	9,241,500	6,800,100	1,057,800	649,364,300	4.20	628,620,700	103.30%
2012	572,047,000	77,923,300	9,254,400	6,383,600	1,283,000	666,891,300	4.20	641,048,400	104.03%
2013	592,467,200	88,730,700	9,317,100	7,543,500	1,386,100	699,444,600	4.17	671,653,400	104.14%
2014	611,898,200	100,089,400	9,589,300	8,431,400	1,154,000	731,162,300	4.17	708,327,100	103.22%
2015	628,422,000	108,288,900	9,608,500	6,512,500	1,073,300	753,905,200	4.17	751,542,900	100.31%

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		
	Operating Rate	Debt Service Rate	Capital Projects Rate	Total Rate	Percent		Rate	Percent	Rate	Percent	Rate	Percent	Rate	Percent	
2006	\$ 1.90	\$ 2.40	\$ 0.59	\$ 4.89	21.0%		\$ 0.23	1.0%	\$ 5.66	24.3%	\$ 10.72	46.0%	\$ 1.82	7.8%	\$ 23.32
2007	1.89	1.82	1.13	4.84	20.1%		0.22	0.9%	5.84	24.3%	11.32	47.1%	1.83	7.6%	24.05
2008	1.94	1.50	0.55	3.99	20.5%		0.17	0.9%	4.42	22.7%	9.44	48.5%	1.45	7.4%	19.47
2009	2.04	1.13	0.93	4.10	20.8%		0.17	0.9%	4.87	24.7%	9.11	46.1%	1.49	7.5%	19.74
2010	2.19	1.31	0.60	4.10	20.5%		0.17	0.9%	4.86	24.3%	9.30	46.6%	1.53	7.7%	19.96
2011	2.10	1.45	0.65	4.20	20.3%		0.17	0.8%	4.73	22.9%	9.99	48.5%	1.57	7.6%	20.66
2012	2.05	1.38	0.77	4.20	20.2%		0.16	0.8%	4.55	21.9%	10.33	49.7%	1.58	7.6%	20.82
2013	2.21	1.21	0.75	4.17	20.8%		0.16	0.8%	4.62	23.0%	9.54	47.5%	1.59	7.9%	20.08
2014	2.24	0.93	1.00	4.17	20.1%		0.16	0.8%	4.51	21.8%	10.29	49.7%	1.59	7.7%	20.72
2015	2.36	0.59	1.22	4.17	21.0%		0.16	0.8%	4.46	22.5%	10.30	51.9%	0.76	3.8%	19.85

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

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

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

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

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

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

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

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

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

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

Tax Rates shown do not reflect the Tax Credit.

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

VILLAGE OF HOBART, WISCONSIN
Principal Property Taxpayers
Current Year and 9 Years Prior

<u>Taxpayer</u>	<u>Type of Business</u>	2015			2006		
		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	\$ 26,459,500	1	3.62%	\$ 17,964,300	1	3.72%
Hobart Logistics	Warehouse - Manufacturing	11,369,600	2	1.56%	9,829,300	2	2.04%
Lexington Homes	Developer	7,077,800	3	0.97%			
PHI Holdings	Apartment complex	5,937,200	4	0.81%			
VanRite Properties	Utility buildings - Manufacturing	5,305,100	5	0.73%	2,101,800	7	0.44%
EMT Properties	Manufacturing	4,849,600	6	0.66%			
Skyline Estates Apartments	Apartment complex	4,698,500	7	0.64%			
Layden Drive Estates	Apartment complex	4,032,000	8	0.55%			
Ravello Townhomes	Apartment complex	3,734,200	9	0.51%			
Individual	Real estate	2,547,900	10	0.35%			
Thomas J Juza Custom Homes	Residential development				7,207,100	3	1.49%
Polo Point, LLC	Residential development				6,075,000	4	1.26%
Andrew Homes	Residential development				5,259,600	5	1.09%
TCGC, LLC	Golf course				3,654,400	6	0.76%
Individual	Real estate				1,503,700	8	0.31%
Individual	Real estate				1,313,200	9	0.27%
Technical Associates Group	Engineering				1,294,900	10	0.27%
Totals		<u><u>\$ 76,011,400</u></u>		<u><u>10.40%</u></u>	<u><u>\$ 56,203,300</u></u>		<u><u>11.64%</u></u>

* 2014 Assessed Valuation \$731,162,300
** 2005 Assessed Valuation \$482,833,200

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
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%	321,450	2,445,673	99.21%
2009	2,568,483	2,410,800	93.86%	142,692	2,553,492	99.42%
2010	2,601,904	2,431,744	93.46%	166,133	2,597,877	99.85%
2011	2,657,919	2,547,655	95.85%	102,835	2,650,490	99.72%
2012	2,651,470	2,553,485	96.30%	97,042	2,650,527	99.96%
2013	2,637,637	2,546,190	96.53%	85,809	2,631,999	99.79%
2014	2,644,821	2,556,114	96.65%	76,675	2,632,789	99.55%
2015	2,662,209	2,596,319	97.52%	45,677	2,641,996	99.24%

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 Bonds/Notes	Note Anticipation Notes	Premium On Debt Issued	General Obligation Notes	Bond Anticipation Notes	Note Anticipation Notes	Green Bay MSD Notes Payable				
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	5,080,214	19,380,000		587,252	4,635,000		3,074,588	32,757,054	5.16%	6.66%	5,582
2010	6,641,892	12,560,000		580,763	4,635,000	\$ 1,125,000	2,910,757	28,453,412	4.50%	5.24%	4,603
2011	10,491,750	7,585,000		4,481,757			2,740,582	25,299,089	3.90%	4.56%	3,975
2012	12,950,000	4,715,000	\$ 109,226	6,119,391			2,570,054	26,463,671	3.97%	4.66%	4,071
2013	12,210,500	4,715,000	217,084	5,748,805			2,392,637	25,284,026	3.61%	3.86%	3,576
2014	19,374,600		255,936	5,483,726			2,208,046	27,322,308	3.74%	3.86%	3,590
2015	19,609,750		320,333	5,201,384			2,015,977	27,147,444	3.60%	N/A	3,411

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

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

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

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

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

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

Fiscal Year	General Obligation Bonds/Notes	Note Anticipation Notes	Premium On Debt Issued	Less Amounts Available in Debt Service Fund	Net General Obligation Debt	Percentage of Net Debt to Estimated Actual Value (1)	Net Debt Per Capita (2)
2006	\$ 6,061,380			\$ 2,048,987	\$ 4,012,393	0.64%	\$ 704.67
2007	5,565,183	\$ 2,010,000		2,025,009	5,550,174	0.91%	945.03
2008	4,823,325	7,930,000		2,893,565	9,859,760	1.56%	1,678.26
2009	5,667,466	19,380,000		2,231,596	22,815,870	3.62%	3,888.19
2010	7,222,655	12,560,000		2,975,086	16,807,569	2.73%	2,718.79
2011	14,973,507	7,585,000		-	22,558,507	3.59%	3,544.71
2012	19,069,391	4,715,000	\$ 109,226	-	23,893,617	3.73%	3,675.38
2013	17,959,305	4,715,000	217,084	-	22,891,389	3.41%	3,237.82
2014	24,858,326		255,936	-	25,114,262	3.55%	3,300.17
2015	24,811,134		320,333	406,658	24,724,809	3.29%	3,106.91

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

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

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

VILLAGE OF HOBART, WISCONSIN
Debt Service Requirements to Maturity
General Obligation Bonds/Notes
Scheduled to be Repaid from Governmental Activities
December 31, 2015

Year	Principal	Interest	Total Requirements
2016	\$ 394,750	\$ 208,870	\$ 603,620
2017	414,750	196,885	611,635
2018	419,750	186,215	605,965
2019	432,500	176,033	608,533
2020	447,500	165,098	612,598
2021	457,500	153,648	611,148
2022	472,500	140,746	613,246
2023	490,250	126,277	616,527
2024	505,250	110,764	616,014
2025	555,000	93,101	648,101
2026	570,000	74,820	644,820
2027	595,000	55,443	650,443
2028	615,000	34,411	649,411
2029	635,000	11,748	646,748
Total	<u>\$ 7,004,750</u>	<u>\$ 1,734,059</u>	<u>\$ 8,738,809</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 Bonds/Notes
Scheduled to be Repaid from Tax Increment District Revenues
December 31, 2015

Year	Principal	Interest	Total Requirements
2016	\$ 785,000	\$ 427,475	\$ 1,212,475
2017	870,000	378,751	1,248,751
2018	760,000	355,618	1,115,618
2019	765,000	332,811	1,097,811
2020	810,000	307,860	1,117,860
2021	840,000	280,880	1,120,880
2022	865,000	252,348	1,117,348
2023	890,000	222,261	1,112,261
2024	890,000	192,121	1,082,121
2025	905,000	162,589	1,067,589
2026	940,000	131,509	1,071,509
2027	840,000	101,641	941,641
2028	945,000	71,887	1,016,887
2029	1,060,000	36,906	1,096,906
2030	145,000	15,145	160,145
2031	145,000	9,272	154,272
2032	150,000	3,150	153,150
Total	<u>\$ 12,605,000</u>	<u>\$ 3,282,224</u>	<u>\$ 15,887,224</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
Water Utility General Obligation Bonds
December 31, 2015

Year	Principal	Interest	Total Requirements
2016	\$ 161,365	\$ 98,567	\$ 259,932
2017	166,954	94,031	260,985
2018	168,036	89,404	257,440
2019	173,671	84,380	258,051
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	41,681	388,849
2025	380,135	28,548	408,683
2026	385,952	14,290	400,242
2027	61,145	6,356	67,501
2028	62,490	4,996	67,486
2029	63,864	3,606	67,470
2030	65,270	2,185	67,455
2031	66,705	734	67,439
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 3,121,530</u>	<u>\$ 738,336</u>	<u>\$ 3,859,866</u>

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

VILLAGE OF HOBART, WISCONSIN
Debt Service Requirements to Maturity
Sewer Utility General Obligation Bonds
December 31, 2015

Year	Principal	Interest	Total Requirements
2016	\$ 132,013	\$ 60,082	\$ 192,095
2017	132,483	56,466	188,949
2018	137,483	52,774	190,257
2019	140,204	48,924	189,128
2020	146,144	44,832	190,976
2021	146,615	40,628	187,243
2022	164,789	36,095	200,884
2023	172,980	31,126	204,106
2024	174,862	25,865	200,727
2025	158,406	20,287	178,693
2026	163,875	15,178	179,053
2027	135,000	10,518	145,518
2028	135,000	6,434	141,434
2029	140,000	2,188	142,188
Total	\$ 2,079,854	\$ 451,397	\$ 2,531,251

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, 2015

Year	Principal	Interest	Total Requirements
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	29,455	278,749
2023	141,627	19,067	160,694
2024	147,717	12,977	160,694
2025	154,070	6,625	160,695
	<u>\$ 2,015,977</u>	<u>\$ 440,723</u>	<u>\$ 2,456,700</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, 2015

<u>Governmental Unit</u>	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct Debt:			
Village of Hobart	<u>\$ 19,930,083</u>	100.000%	<u>\$ 19,930,083</u>
Overlapping Debt:			
Pulaski Community School District	10,350,000	28.044%	2,902,554
West De Pere School District	26,380,000	10.479%	2,764,360
Brown County	124,991,207	3.438%	4,297,198
Northeast Wisconsin Technical College	<u>47,810,000</u>	1.716%	<u>820,420</u>
Total Overlapping Debt	<u>209,531,207</u>		<u>10,784,531</u>
Total Direct and Overlapping Debt	<u>\$ 229,461,290</u>		<u>\$ 30,714,614</u>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 31,139,305	\$ 30,497,165	\$ 31,551,880	\$ 31,484,005	\$ 30,776,050	\$ 31,431,035	\$ 32,052,420	\$ 33,582,670	\$ 35,416,355	\$ 37,577,145
Total net debt applicable to limit	4,012,393	3,540,174	1,929,760	3,435,870	4,247,569	14,973,507	19,069,391	17,959,305	24,858,326	24,404,476
Legal debt margin	<u>\$ 27,126,912</u>	<u>\$ 26,956,991</u>	<u>\$ 29,622,120</u>	<u>\$ 28,048,135</u>	<u>\$ 26,528,481</u>	<u>\$ 16,457,528</u>	<u>\$ 12,983,029</u>	<u>\$ 15,623,365</u>	<u>\$ 10,558,029</u>	<u>\$ 13,172,669</u>
Total net debt applicable to the limit as a percentage of debt limit	12.89%	11.61%	6.12%	10.91%	13.80%	47.64%	59.49%	53.48%	70.19%	64.94%

Computation of Legal Debt Margin
12/31/2015

Equalized Value	<u>\$ 751,542,900</u>
Debt limitation - 5 percent of total equalized value	\$ 37,577,145
Debt applicable to limitation	
Total outstanding general debt	\$ 24,811,134
Less: Amounts available in debt service funds	<u>406,658</u>
Total debt applicable to limitation	<u>24,404,476</u>
Legal Debt Margin	<u>\$ 13,172,669</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
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	\$ 555,386,280	87,270	6.8%	43.4
2012	6,501	\$ 567,927,360	87,360	5.9%	43.4
2013	7,070	\$ 655,813,200	92,760	5.1%	43.3
2014	7,610	\$ 707,958,300	93,030	4.3%	N/A
2015	7,958	N/A	N/A	3.7%	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>2015 Employees</u>	<u>2006 Employees</u>
Bayland Buildings - BayCo Properties	Real estate, commercial construction	185	125
Bay Valley Foods (Dean Pickle)	Food Processing/Distribution	180	46
EMT International	Web processing designers and manufacturers	160	*
Thornberry Creek at Oneida	Golf course and country club	150	51
High View Custom Fab - HCF Inc.	Metal fabricator	50	50
Robert E. Lee & Associates	Engineering consultant firm	49	50
Safari Steakhouse	Restaurant	35	33
Idealair Heating & Cooling	Plumbing and HVAC	33	*
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 2006 FTEs	FY 2007 FTEs	FY 2008 FTEs	FY 2009 FTEs	FY 2010 FTEs	FY 2011 FTEs	FY 2012 FTEs	FY 2013 FTEs	FY 2014 FTEs	FY 2015 FTEs
ADMINISTRATION											
	Village Administrator	1.00	1.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
	Intern/ Assistant to Administrator	0.50	0.50	0.00	0.00	0.00	0.00	0.00	0.375	0.50	0.70
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	0.65	0.65	0.65	0.65	0.875	0.875	0.875	0.875	0.875	0.875
	Patrol Officers	1.50	3.50	4.00	5.00	5.00	5.00	5.00	5.375	5.875	6.925
	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	1.00	1.00	1.00	1.00	1.00
	Building Inspector/Zoning Administrator	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
	Public Works & Utilities Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Water/Sewer Operator	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Public Works/Utilities Crew	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.80	2.90	3.00
DEPARTMENT OF COMMUNITY DEVELOPMENT											
	Director of Community Development	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50
DEPARTMENT OF TRIBAL AFFAIRS											
	Director of Tribal Affairs	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50
TOTAL FTEs ALL DEPARTMENTS		12.450	14.450	15.450	16.450	16.675	16.675	16.675	18.225	18.950	20.300
Winter/summer seasonals, volunteer firefighters, and elected officials not included in FTE count.											

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

FUNCTION: GENERAL GOVERNMENT

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

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

FUNCTION: ADMINISTRATION & FINANCE

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Village Tax Rate*	\$4.10	\$4.20	\$4.20	\$4.17	\$4.17	\$4.17	\$4.32
Levy for Village Operations*	\$2,601,904	\$2,657,919	\$2,651,470	\$2,637,637	\$2,644,821	\$2,661,209	\$2,769,542
Village Population	5,868	6,182	6,364	6,501	7,070	7,610	7,958
Levy Per Capita*	\$443	\$430	\$417	\$406	\$374	\$350	\$348
Debt Service as % of Levy*	31.99%	34.61%	32.95%	28.97%	22.25%	14.13%	15.19%
G.O. Debt Levied*	\$832,313	\$919,820	\$873,539	\$764,011	\$588,359	\$376,124	\$420,754
G.O. Debt Levied Per Capita*	\$141.84	\$148.79	\$137.26	\$117.52	\$83.22	\$49.42	\$52.87
Total Full Time Equivalent Employees ("FTEs") (excluding Fire/Seasonals)	16.450	16.675	16.675	16.675	18.225	18.950	20.300
FTEs per capita	0.00280	0.00270	0.00262	0.00256	0.00258	0.00249	0.00255
Village Bond Rating (Standard & Poor's)	AA-	AA-	AA-	AA	AA	AA	AA+
Total Village Assessed Value as of January 1	\$ 634,439,000	\$ 632,791,400	\$ 649,364,300	\$ 666,891,300	\$ 699,444,600	\$ 731,162,300	\$ 753,905,200
Total Increment Value- TID #1 as of January 1	n/a	\$1,678,300	\$18,199,700	\$31,419,000	\$47,573,000	\$65,482,000	\$80,170,200
Total Increment Value- TID #2 as of January 1	n/a	n/a	n/a	\$2,712,216	\$14,356,200	\$25,085,900	\$32,381,800

* Actual Year Levied, Payable the following year.

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

FUNCTION: POLICE & COURT

Activity/Program Area	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Law Enforcement							
<i>Total Calls for Service</i>	5,305	5,619	5,629	6,131	6,823	7,175	8,257
<i>Neighborhood Watch(NW) Groups</i>	n/a	n/a	n/a	13	13	15	19
<i>NW Meetings Held</i>	n/a	n/a	n/a	2	0	3	5
<i>NW Greetings</i>	n/a	n/a	n/a	25	7	45	57
<i>House Check Performed</i>	n/a	n/a	n/a	112	128	167	107
<i>Total Animal Complaints</i>	n/a	n/a	n/a	130	153	182	197
<i>Animal Citations Issued</i>	n/a	n/a	n/a	18	11	7	7
<i>Traffic Citations/Accidents</i>	n/a	n/a	n/a	141/226	167/272	103/200	86/222
<i>Speeding</i>	n/a	n/a	n/a	483	271	248	759
<i>OWI</i>	n/a	n/a	n/a	73	52	43	42
<i>Total Citations</i>	876	876	677	1,613	1,887	892	1,711
<i>Total Warnings</i>	n/a	n/a	n/a	290	331	351	350
<i>Non-Traffic Citations</i>	67	67	120	128	124	82	73
<i>Property Crimes</i>	87	87	89	168	165	145	112
<i>Person-to-Person Crimes</i>	n/a	n/a	n/a	14	*186	*153	*169
*Includes harassment, disturbances, battery, and sex offense							
Municipal Court							
<i>**Total Adult Citations</i>	1,202	1,002	765	1,455	1,076	816	1,397
<i>**Total Juvenile Citations</i>	30	11	15	8	6	5	11
<i>*Total Cases Disposed of</i>	1,208	995	825	1,305	1,231	833	1,471
<i>Total Money Collected</i>	\$136,409.58	\$122,970.44	\$98,617.54	\$114,391.39	\$114,569.20	\$103,156.57	\$154,594.23
<i>Tax Intercept Collections</i>	n/a	n/a	\$9,746.13	\$7,325.71	\$8,295.43	\$7,961.26	\$10,769.44
Notes: does not include cases sent to circuit court or other venues.							
*Disposed of is by finding date **Citations are by violation date							
Offense could be committed one year and disposed of the following year							

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

FUNCTION: FIRE & RESCUE

ACTIVITY/PROGRAM AREA	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Incidents							
<i>Total Incidents</i>	83.0	78.0	90.0	93.0	96.0	89.0	130.0
<i>Structure Fires</i>	25.0	23.0	23.0	21.0	22.0	30.0	22.0
<i>Vehicle Incidents</i>	18.0	26.0	23.0	24.0	31.0	9.0	16.0
<i>Brush / Wildland</i>	9.0	7.0	9.0	8.0	5.0	2.0	14.0
<i>MABAS(Mutual Aid Box Alarm System)</i>	11.0	5.0	15.0	18.0	3.0	13.0	17.0
<i>False Alarms</i>	20.0	17.0	26.0	22.0	30.0	35.0	27.0
Response Times							
<i>*Average Response from dispatch to arrival (Minutes)</i>	8.2	8.6	8.5	8.3	8.3	8.4	**9.25
<i>Average Length of Call (Hours)</i>	1.3	1.4	1.1	1.3	1.5	1.0	0.9
<i>Average Personnel per Incident</i>	9.0	7.0	7.0	7.0	7.2	7.0	5.5
Personnel Participation							
<i>Average Personnel at Meetings</i>	25.6	25.0	22.0	21.5	24.2	23.9	24.8
<i>Average Personnel at Trainings</i>	26.3	23.0	20.0	20.0	26.6	22.9	21.9
<i>***Average Personnel at Maintenance night</i>	n/a	n/a	n/a	7.0	9.7	15.8	9.7
Fire Safety Activities							
<i>Public Education Activities</i>	10	9	11	18	16	18	11
<i>Fire Inspections</i>	187	190	207	203	290	250	278
Population & Membership							
<i>Total Firefighters</i>	35	29	29	28	30	28	29
<i>Population Served</i>	5,868	5,928	6,364	6,501	7,070	7,610	7,958
<i>Firefighters per Capita</i>	0.0060	0.0049	0.0046	0.0043	0.0042	0.0037	0.0036
Rescue Services (provided by County)							
<i>Medical Service Calls</i>	217	248	262	296	335	469	420
<i>*Does not include MABAS incidents</i>							
<i>**Department now responds with no lights and sirens for non-emergency calls</i>							
<i>***Attendance is required for 5 Firefighters per event</i>							

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

FUNCTION: PUBLIC WORKS & UTILITIES

Activity/Program Area	Measurement	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Infrastructure Inventory							
<i>Road Lanes</i>	Miles	83.0	83.6	84.6	87.7	87.7	90.2
<i>Sewer Mains</i>	Lineal Feet	139,359	145,653	155,685	160,019	160,019	162,039
<i>Water Mains</i>	Lineal Feet	208,256	218,830	219,967	227,059	227,059	229,059
<i>Storm Mains</i>	Lineal Feet	45,821	50,659	54,154	65,249	65,249	66,829
Snow Removal							
	Number of Responses	32	31	24	38	46	33
	Snowfall amount	55.0	69.0	24.2	66.5	72.1	32.7
	Tons of Salt used	548	632	511	924	894	876
	Crew Hours	718.0	810.0	543.0	903.5	1,091.0	584.0
Road Maintenance							
<i>Potholes</i>	Cold mix (Tons)	n/a	40.0	35.0	44.8	33.0	26.9
	Crew Hours	n/a	69	60	245	195	187
<i>Shouldering</i>	Material (Tons)	n/a	60	80	420	46	1,142
	Crew Hours	n/a	72.0	90.0	160.0	65.5	208.0
<i>Street Sweeping</i>	Contractor Hours	n/a	46.8	57.5	62.0	58.5	87
<i>Signage</i>	Signs installed / replaced	n/a	30	22	152	85	148
	Crew Hours	n/a	12	10	270	150	285
Solid and Yard Waste Collection							
<i>Yard Waste</i>	Tonnage Collected	0	0	30	350	445	574
	Crew Hours	0	0	20	130	139	509
<i>Solid Waste</i>	Tonnage Collected	1,398.38	1,369.64	1,395.10	1,520.87	1,534.07	1,553.00
<i>Recyclable</i>	Tonnage Collected	609.16	636.18	617.03	629.79	639.13	646.00
Utilities							
<i>Utility Locates</i>	Number of Locates	n/a	1,150	1,364	2,021	1,588	1,571
	Crew Hours	n/a	575	682	338	342	328
<i>Scheduled Daily Rounds</i>	Crew Hours	730	730	730	803	258	296
Water Utility							
<i>New Meters</i>	Installed	50	70	116	92	109	34
	Crew Hours	20.0	32.0	57.0	61.0	78.0	73.5
<i>Meters Exchanged</i>	Number replaced	61	73	172	354	7	47
	Crew Hours	30	45	73	297	4	29
<i>Meters Repaired/Tested</i>	Number	87	52	174	496	42	63
<i>Move in/out Reads</i>	Number of Reads	79	106	203	113	202	166
	Crew Hours	20.0	27.0	51.0	87.5	126.0	118.0
<i>Valve Turning</i>	Valves Turned	n/a	304	147	57	45	69
	Crew Hours	n/a	91	73	28	26	42
<i>Watermain Flushing</i>	Crew Hours	160.0	148.0	68.0	79.5	64.0	124.0
<i>Water sampling</i>	Number of Samples	84	90	130	92	126	104
	Crew Hours	63	68	98	134	182	84
Sanitary Sewer							
<i>Sewer Mains</i>	Cleaned (Lineal Feet)	43,479	0	44,375	46,140	40,393	21,690
	Contractor Hours	40	0	50	56	47	42
	Televising (Lineal Feet)	43,479	0	44,352	46,140	40,393	21,690
	Contractor Hours	67	0	72	96	90	86

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

FUNCTION: BUILDING INSPECTIONS, PLANNING & ZONING

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

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

FUNCTION	FY 2009	FY2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Public Safety							
Police Stations	1	1	1	1	1	1	1
Patrol Units	4	4	5	5	6	6	7
Fire Stations	2	2	2	2	2	2	2
Highway and Streets							
Street (road lanes)	83.0	83.0	83.6	84.6	87.7	87.7	90.2
Culture and Recreation							
Developed park acreage	45	45	45	45	45	45	46.7
Parks	2	2	2	2	2	2	3
Water							
Water mains (feet)	189,200	208,256	218,830	219,967	227,059	227,059	229,059
Fire Hydrants	363	374	386	393	410	422	498
Sewers							
Sanitary (feet)	139,359	139,359	145,653	155,685	160,019	160,019	162,039
Lift Stations	5	5	5	5	5	5	5
Storm (feet)	45,821	45,821	50,659	54,154	65,249	65,249	66,829
Sources: Various government departments.							

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

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

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, 2015, 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 emphasis of matter paragraphs as indicated on page 14 dated April 26, 2016.

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 a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-002 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Hobart, Wisconsin's Response to Findings

Village of Hobart, Wisconsin's response to the findings identified in our audit is 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
April 26, 2016

VILLAGE OF HOBART, WISCONSIN
Schedule of Findings and Responses
For the Year Ended December 31, 2015

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2014-001	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 and financial records.
2014-002	Adjustments to the Village's Financial Records
Condition:	As part of our 2015 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. 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 adjusting, closing and GASB 34 conversion entries drafted by Schenck. Management has reviewed and approved the financial statements and other information prior to issuance.

Section II - Internal Control Over Financial Reporting

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2015.