

VILLAGE OF HOBART, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021



WEALTH ADVISORY | OUTSOURCING
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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Hobart, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hobart, Wisconsin, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village of Hobart, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hobart, Wisconsin, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 4.E., a prior period adjustment of \$1,872,568 was recorded in the governmental activities to properly record developer loans receivable. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Village of Hobart, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Hobart, Wisconsin's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 and the schedules relating to pensions and other postemployment benefits on pages 74 through 75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit for the year ended December 31, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hobart, Wisconsin's basic financial statements. The detailed comparisons of general fund budgeted and actual revenues and expenditures, the combining nonmajor fund statements and the budget to actual schedules for the year ended December 31, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Village of Hobart as of and for the year ended December 31, 2020, and have issued our report thereon dated March 22, 2021, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The detailed comparison of general fund budgeted and actual revenues and expenditures, the combining nonmajor fund statements and the budget to actual schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2020 financial statements. The detailed comparisons of general fund budgeted and actual revenues and expenditures, the combining nonmajor fund statements and the budget to actual schedules have been subjected to the audit procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the detailed comparison of general fund budgeted and actual revenues and expenditures, the combining nonmajor fund statements and the budget to actual schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2022, on our consideration of the Village of Hobart, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hobart, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Hobart, Wisconsin's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis December 31, 2021

General accepted accounting principles (GAAP) requires management of the Village of Hobart, Wisconsin to provide the readers of the Village's basic financial statements a narrative introduction, overview, and analysis of the financial activities of the Village for the fiscal year ended December 31, 2021, in the form of a Management's Discussion and Analysis (MD&A). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Hobart has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Village of Hobart's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Village of Hobart's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Hobart's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Hobart for the fiscal year ended December 31, 2021, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that the Village of Hobart's financial statements for the fiscal year ended December 31, 2021, present fairly, in all material respects, the respective financial position of the government in conformity with GAAP. The independent auditor's report is presented on pages 1-4 of this report.

Profile of the Government

The Village of Hobart is in northeast Wisconsin in Brown County, adjacent to the Austin Straubel International Airport approximately 120 miles northwest of the City of Milwaukee, bordering the western border of the City of Green Bay, and 30 miles northeast of the City of Appleton. The Village encompasses approximately 33 square miles. The Town of Hobart was incorporated as the Village of Hobart on May 13, 2002. With a 2021 Wisconsin Department of Administration population estimate of 10,717. This is an 2.5% increase over 2020, and a 11.6% increase over 2019. The growth was the result of a total of 115 new housing units added within the Village during 2021. The population of Hobart has increased 73.4% since the 2010 Federal Census report of 6,182, and 110.6% since the 2000 Federal Census report of 5,090. The population and square mile statistics combine to produce a population density of 325 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 26 volunteer firefighters, and a police department with 12.85 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 23. The Pulaski Community School District and West De Pere School District serve the Village and provides a comprehensive program for students in kindergarten through the twelfth grade. Higher education is provided by the University of Wisconsin-Green Bay and Northeast Wisconsin Technical College, both located in Green Bay, and St. Norbert College, located in De Pere, Wisconsin.

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

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

The Village of Hobart officials and employees will lead the community in the delivery of the finest municipal services in the most cost-responsible manner to ensure a high quality of life and safe neighborhoods while maintaining flexibility to respond to the needs of citizens in our ever-changing community. Actions taken in pursuit of our mission will be in accordance with democratic principles and the Constitution of the United States of America.

Overview of the Basic Financial Statements

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

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

The *statement of net position* presents information on all the Village's assets, liabilities, and deferred outflows/inflows of resources with the difference between as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs,

regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, conservation and development, and interest on debt. The business-type activities of the Village include water, sewer, and storm water utilities.

The government-wide financial statements can be found on pages 18 - 20 of this report.

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

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

Required supplementary information found on pages 74 - 76 of this report recognizes GASB No. 68, No. 71, and No. 75 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 the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Village maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, tax increment district #1 fund, and tax increment district #2 fund which are all considered to be major funds. Non-major funds consist of a K-9 special

revenue fund which accounts for all financial activity relating to the K-9 public safety program. In 2021, the Village Board approved by resolution the creation of 2 additional non-major special revenue funds to report the proceeds of special sources that are restricted to expenditures for a specific purpose. The ARPA fund accounts for revenue and expenditures received under the American Rescue Plan Act (ARPA) of 2021. The Park and Recreation Fund accounts for any revenues and expenditures relating to park development, park maintenance and recreational programming.

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 21 - 27 of this report.

Supplementary information found on pages 77 - 80 of this report provides budget comparison statements for all major governmental funds.

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

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

The basic proprietary fund financial statements can be found on pages 28 - 31 of this report.

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

The basic fiduciary fund financial statements can be found on pages 32 - 33 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 34 - 73 of this report.

Other information. Supplemental schedules can be found on pages 74 - 85.

Factors Affecting Financial Condition.

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

Long-term Financial Planning. The Village of Hobart has developed a Five-Year Capital Improvement Plan (CIP). The plan contains capital and infrastructure costs of \$5,000 or more based on the Village's capitalization policy. The CIP details annual funding sources, expenditures, and narrative descriptions for the capital improvements. The CIP is updated on an annual basis and is used as a planning document during the annual budget process.

Strategic Plan. The Village of Hobart adopted its first ever Strategic Plan in 2014. This very inclusive process had Village stakeholders and decision-makers uprooting our core values to build upon, as well as our priority areas for improvement. The current Plan prioritized certain spending and projects initiatives for the years 2018-2020. 2021 initiatives were: continuation of the WIS 29/CTH VV interchange construction and updating the 10-year capital road plan. In 2023, the Village plans to construct a new fire station, replacing the current facility on South Pine Tree Road, which has served the Village since the 1960s. Future building projects in the decade include a police station (financed jointly with the Town of Lawrence), as well as the possible construction of a new public works facility. The Village will also begin the process of updating its Comprehensive Plan in the next 2-3 years.

Relevant Financial Policies. The Village of Hobart has adopted a comprehensive set of financial policies as guidelines for the annual budget process. The adopted policies consist of the following: General Fund Balance; Debt Management; Cash Management; Credit Card; Sewer Utility Fund Balance-Retained Earnings; and Green Bay Metropolitan Sewerage District Local Annual Rate Adjustment.

Economic Information/Outlook. The Village of Hobart continues to see tremendous record-breaking growth with an estimated 2021 population of 10,717 and a 2021 equalized valuation of \$1,137,391,600 which is a 8% increase over 2020 and follows an 9% increase from 2019 to 2020. 2020 was first time the Village has had a tax base exceeding \$1 billion in equalized value. The equalized valuation has grown by 84.79% since 2010 and 216.65% since 2000. Between 2021 and 2020, the Village's largest actual dollar increase in full value for real and personal property was in commercial and manufacturing properties.

The Village of Hobart has continued a pattern of strong economic growth in 2021. 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 2021, the Village's top employer is Bay Valley Foods, a Food Processing/Distribution company with 390 employees. Bayland Buildings-BayCo Properties, a real estate and commercial construction company with 192 employees is the Village's second largest employer. EMT International a web-processing designer and manufacturing company has 130 employees. Engineering consultant firm Robert E. Lee & Associates has a workforce of 52. Green Bay Paper Converting has 50 employees. Metal fabricator High View Custom Fab - FCF Inv. employs 45, and Idealair Heating & Cooling has a workforce of 44.

For the past several years, the Village of Hobart has ranked near the top for new housing starts among all cities, villages, and towns in the state of Wisconsin. In 2021, Hobart experienced 39 new single-family housing starts with a total residential permit valuation equaling \$13,900,525.

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 \$304,076,400 in equalized incremental value. TID 1 had \$210,253,500 in equalized incremental value upon updated assessments as of January 1, 2021, and TID 2 had \$93,822,900 equalized incremental value.

Recent development in Tax Increment District (TID) 1 consisted of the purchase of nearly seventy (70) acres of undeveloped land from a private landowner and an agreement with Bayland Buildings, a local development and construction company, to develop the land over the next decade. The parcels made up the majority of the remaining undeveloped property in the TID. Work on installing the infrastructure for the Business District will be done in 2022 The TID also saw construction begin on a sub sandwich restaurant, while ground will be broken in 2022 on a dental clinic as well as a four-story, \$10 million condominium. The development of the Wyld Berry Condominiums, the first of its kind in the TID, continued. The TID also contributed to the development of the Blackberry Ridge, a 30-lot single family home subdivision, which has seen over three-fourths of the residential lots either sold or being developed.

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

In TID 2, work started in 2021 on eight apartment buildings which will add an estimated \$10 million to the TID's tax base. The TID also contributed to the development of the Southwinds Estate subdivision, which will consist of 45 single-family residential lots, four 14-unit apartment buildings and two 10-unit apartment buildings, estimated to bring an additional \$21.4 million to the tax base. The majority of the lots have been sold and/or developed as of the end of 2021.

The Village adopted GASB Statement No. 77, Tax Abatement Disclosures. As part of the project plans for each of the Village's tax increment districts, the Village entered into agreements with developers for the creation of tax base within the districts. The agreements require the Village to make annual repayments of property taxes collected within the district to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements. For the year ended December 31, 2021, the Village abated property taxes totaling \$1,746,141 under this program. Note 4(B) on page 72 of this report, discloses the required GASB 77 financial information.

Despite the Village's economic development, strategy utilizing tax increment financing, housing starts elsewhere in the Village also remains strong. Moderately priced subdivisions including Polo Point, Polo Point II, and Trout Creek Estates are rapidly approaching their respective build-outs while the new Blackberry Estates and Southwind Estates subdivisions came on aboard in 2020.

The non-seasonal adjusted unemployment rate for the Village of Hobart in December 2021 was 1.7 percent. The state's non-seasonal adjusted December unemployment rate was 2.0 percent, with a U.S. non-seasonal unemployment rate of 3.7 percent.

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

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2021, by \$17,987,582 (*net position*). Of this amount, (\$11,559,831) (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 decreased by \$683,855 due primarily to Tax Increment Districts developer projects financed by debt proceeds, to be recovered from future tax increments;
- As of December 31, 2021, the Village's governmental funds reported combined ending fund balances of 6,510,292, a decrease of \$2,234,091 in comparison with the prior year. The decrease resulted from Tax Incremental Financing Districts available fund balance usage for financing 2021 capital projects and development. Approximately 0.17%, \$11,244 is nonspendable for K-9 fund inventories and prepaid items. Approximately 0.16%, \$10,442 is restricted for GIS. Approximately 2.55%, \$165,661 is restricted for tax levy supported debt relief. Approximately 5.04%, \$328,056 is restricted for park development. Approximately 40.77%, \$2,654,488 is restricted for capital projects in tax incremental districts. Approximately 26.34%, \$1,714,997 is assigned for development, capital improvements, K-9 program and parks and recreation. Approximately 24.97%, \$1,625,404 is unassigned and *available for spending* at the Village's discretion;
- As of December 31, 2021, the unassigned general fund balance of \$1,625,404 was approximately 43.54% of total general fund expenditures;
- The Village's total debt increased by \$318,480. On May 11, 2021, \$4,425,000 general obligation promissory notes were issued to finance the cost of interchange and road projects in the Village's Tax Incremental District No. 1, and to refund the Village's General Obligation Refunding Bonds, Series 2010-A, dated November 22, 2010, and to refund a portion of the Village's General Obligation Refunding Bonds, Series 2011-A, dated June 7, 2011. Also, on May 11, 2021, \$2,340,000 taxable general obligation promissory notes were issued to finance

the cost of projects in the Village's Tax Incremental District No. 1, and to refund the Village's Taxable General Obligation Promissory Notes, Series 2017B, dated August 1, 2017, to fund developer incentives related to Tax Increment District No. 1 development projects, and to refund series 2010B taxable general obligation refunding bonds for debt-service-cost savings. In 2021, \$6,340,903 was paid on outstanding principal and refunded debt.

- The Village's 2021 long-term debt credit rating issued by Standard and Poor's was AA with a stable outlook.
- On March 31, 2015, the Green Bay/Brown County Professional Football Stadium District Board completed the certifications necessary to end the football stadium district sales tax on September 30, 2015. Wisconsin Statutes 2015 Act 114 provided a mechanism for football stadium district sales taxes collected or imposed between April 1, 2015, and September 30, 2015, to be paid back to Brown County and municipalities within the County. Act 114 specifies this payment must be used only for the purpose of tax relief, tax levy supported debt relief, or economic development. On February 4, 2016, the Village Board passed a resolution which specified the use of Act 114 funds for tax levy supported debt relief. To date, the Village of Hobart's portion of the sales taxes collected or imposed was \$445,071. In 2015 \$406,658 was received, \$13,277 was received in 2016, \$12,923 was received in 2017, \$8,258 was received in 2018, \$3,122 was received in 2019, \$743 was received in 2020, and \$90 was received in 2021.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. In the case of the Village, assets exceeded liabilities and deferred outflows/inflows of resources by \$18,016,332 at the close of 2021.

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	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 19,187	\$ 17,221	\$ 2,237	\$ 2,685	\$ 21,424	\$ 19,906
Land held for resale	1,088	3,718	-	-	1,088	3,718
Net pension asset	611	293	90	51	701	344
Capital assets	19,141	17,930	27,908	27,038	47,049	44,968
Total Assets	40,027	39,162	30,235	29,774	70,262	68,936
Deferred Outflows of Resources						
Related to pension	1,024	693	150	118	1,174	811
Related to other postemployment	72	53	12	9	84	62
Total Deferred Outflows of Resources	1,096	746	162	127	1,258	873
Liabilities						
Long-term liabilities outstanding	35,641	34,553	5,044	5,717	40,685	40,270
Net pension liability	-	-	-	-	-	-
Other postemployment benefits	156	116	27	20	183	136
Other liabilities	1,974	2,108	248	641	2,222	2,749
Total Liabilities	37,771	36,777	5,319	6,378	43,090	43,155
Deferred Inflows of Resources						
Property taxes	8,839	8,780	-	-	8,839	8,780
Related to Pension	1,340	881	198	154	1,538	1,035
Related to other postemployment	31	34	5	6	36	40
Total Deferred Inflows of Resources	10,210	9,695	203	160	10,413	9,855
Net Position						
Net investment in capital assets	3,019	6,696	22,864	21,039	25,883	27,735
Restricted	3,604	2,440	90	51	3,694	2,491
Unrestricted	(13,481)	(15,700)	1,921	2,273	(11,560)	(13,427)
Total Net Position	\$ (6,858)	\$ (6,564)	\$ 24,875	\$ 23,363	\$ 18,017	\$ 16,799

The Village reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. On December 31, 2021, 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.

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

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

Change in net position. The Village's governmental activities net position at the end of the year amounted to (\$6,858,709). The change in net position during 2021 was a decrease of \$2,167,023 because the Village has issued debt for noncapital items relating to development projects in Tax Increment Districts. Total general revenues and transfers of \$5,301,665 less \$7,468,688 governmental activities resulted in the net position decrease.

Net position of the water utility enterprise fund at the end of the year amounted to \$11,615,616. The change in net position during 2021 was an increase of \$292,367. Operating income of \$27,340, nonoperating revenue of \$3,912, and capital contributions of \$416,872, were more than nonoperating expenses of \$89,706 and transfers out of \$66,051 resulting in the net position increase. The 2021 operating income of \$27,340 resulted from operating revenues of \$1,091,759 exceeding operating expenditures of \$1,064,419 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 \$7,515,808. The change in net position during 2021 was an increase of \$992,415. Operating income of \$390,905 nonoperating revenue of \$106,221, and capital contributions of \$602,945 were more than nonoperating expenses of \$67,656 and transfers out of \$40,000 resulting in the net position increase. The 2021 operating income of \$390,905 resulted from operating revenues of \$1,675,835 exceeding operating expenditures of \$1,284,930 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 \$5,743,617. The change in net position during 2021 was an increase of \$227,136. Operating income of \$66,530, nonoperating revenues of \$352 and capital contributions of \$161,530, were more than nonoperating expenses of \$1,276 resulting in the net position increase. The 2021 operating income of \$66,530 resulted from operating revenues of \$530,749 exceeding operating expenditures of \$464,219 and the operating income was consistent with the prior year.

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

Village of Hobart's Change in Net Position						
(In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for services	\$ 1,354	\$ 1,263	\$ 3,298	\$ 3,161	\$ 4,652	\$ 4,424
Operating grants and contributions	721	446	106	-	827	446
Capital grants and contributions	254	288	-	-	254	288
General Revenues						
Property taxes	6,005	5,881	-	-	6,005	5,881
Other taxes	57	58	-	-	57	58
Grants and contributions not restricted to specific programs	99	222	-	-	99	222
Other	215	76	1	19	216	95
Total Revenues	8,705	8,234	3,405	3,180	12,110	11,414
Expenses						
General government	828	928	-	-	828	928
Public safety	2,175	2,189	-	-	2,175	2,189
Public works	1,576	2,224	-	-	1,576	2,224
Health and human services	3	3	-	-	3	3
Culture and recreation	16	5	-	-	16	5
Conservation and development	3,989	3,072	-	-	3,989	3,072
Interest on long-term debt	1,210	800	-	-	1,210	800
Water utility	-	-	1,150	1,120	1,150	1,120
Sewer utility	-	-	1,352	1,401	1,352	1,401
Storm Water utility	-	-	466	329	466	329
Total Expenses	9,797	9,221	2,968	2,850	12,765	12,071
Change in Net Position Before Transfers	(1,092)	(987)	437	330	(655)	(657)
Transfers	(1,075)	(2,033)	1,075	2,033	-	-
Change in Net Position	(2,167)	(3,020)	1,512	2,363	(655)	(657)
Net Position - January 1, as restated	(4,691)	(3,544)	23,363	21,000	18,672	17,456
Net Position - December 31	\$ (6,858)	\$ (6,564)	\$ 24,875	\$ 23,363	\$ 18,017	\$ 16,799

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

Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

As of December 31, 2021, the Village's governmental funds reported combined ending fund balances of \$6,510,292, an decrease of \$2,234,091 in comparison with the prior year. The decrease resulted from Tax Incremental Financing Districts available fund balance usage for financing 2021 capital projects and development. Approximately 24.97% (\$1,625,404) of combined ending fund balances constitutes *unassigned fund balance*, which is available for spending at the Village's discretion. The remainder of fund balance is not available for new spending because it has already been committed for the following: nonspendable for the K-9 program inventories and prepaid items (\$11,244), restricted for GIS (\$10,442), restricted for tax levy supported debt relief (\$165,661), restricted for park development (\$328,056), restricted for tax incremental districts capital projects (\$2,654,488), and assigned for development capital projects, K-9 program, and parks and recreation (\$1,714,997).

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 \$1,625,404. 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 43.54% of total general fund expenditures.

The fund balance of the Village's general fund on December 31, 2021, was \$1,635,846 a \$44,207 decrease from the December 31, 2020, general fund balance. The \$44,207 decrease in fund balance resulted from 2021 revenues of \$3,759,697 and transfer in of \$106,051 exceeding 2021 expenditures of \$3,600,977 and transfers out of \$308,978. The general fund balance is comprised of the unassigned fund balance of \$1,625,404 discussed in the previous paragraph and \$10,442 restricted for GIS.

The debt service fund has a total fund balance of \$165,661 which represents proceeds available for tax levy supported debt relief.

The capital projects fund has a total fund balance of \$498,409 which represents unspent revenues and transfers in being carried over for financing future capital projects.

Tax increment finance (TIF) district #1 fund balance \$2,671,806 and TIF district #2 fund balance \$1,130,438 represents unspent revenues related towards future development in the Village's two TIF districts. District #1 was created in 2009 and District #2 was created in 2011.

The K-9 program fund has a total fund balance of \$80,076 which represents unspent donations for future program needs.

The Parks and Recreation fund has a total fund balance of \$328,056 which represents unspent revenues and transfers for park development, park maintenance and recreational programming.

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.

Net position of the water utility enterprise fund at the end of the year amounted to \$11,615,616. The change in net position during 2021 was an increase of \$292,367. Operating income of \$27,340 nonoperating revenues of \$3,912, and capital contributions of \$416,872, were more than nonoperating expenses of \$89,706 and transfers out of \$66,051 resulting in the net position increase. The 2021 operating income of \$27,340 resulted from operating revenues of \$1,091,759 exceeding operating expenditures of \$1,064,419 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 \$7,515,808. The change in net position during 2021 was an increase of \$992,415. Operating income of \$390,905 nonoperating revenues of \$106,221 and capital contributions of \$602,945 were more than nonoperating expenses of \$67,656 and transfers out of \$40,000 resulting in the net position increase. The 2021 operating income of \$390,905, resulted from operating revenues of \$1,675,835 exceeding operating expenditures of \$1,284,930 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 \$5,743,617. The change in net position during 2021 was an increase of \$227,136. Operating income of \$66,530, nonoperating revenues of \$352 and capital contributions of \$161,530, were more than nonoperating expenses of \$1,276 resulting in the net position increase. The 2021 operating income of \$66,530 resulted from operating revenues of \$530,749 exceeding operating expenditures of \$464,219 and the 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.

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

General Fund Budget Highlights.

The Village Board did not adopt any amendments to the 2021 original adopted General Fund Budget of \$3,632,946.

The December 31, 2021, General Fund had a deficit of 44,207. Actual year-end revenues of \$3,759,697 and transfers in of \$106,051 was reduced by actual year-end expenditures of \$3,600,977 and transfers out of \$308,978 resulting in a negative variance of \$44,207. The \$44,207 deficit was the result of a one-time transfer out of \$308,978 for the creation of the Park and Recreation non major fund. Not considering the \$308,978 transfer out, the General Fund had a surplus of \$264,771.

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, 2021, amounts to \$47,020,418 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the Village’s investment in capital assets for the current year was \$2,052,514.

Village of Hobart's Capital Assets						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,737,926	\$ 4,737,926	\$ 623,363	\$ 623,363	\$ 5,361,289	\$ 5,361,289
Land improvements	1,020,010	970,507	-	-	1,020,010	970,507
Buildings and improvements	1,127,224	1,127,224	32,732,854	31,737,369	33,860,078	32,864,593
Machinery and equipment	3,305,267	2,890,727	5,538,416	4,821,988	8,843,683	7,712,715
Infrastructure	14,425,999	12,348,383	-	-	14,425,999	12,348,383
Construction in progress	13,481	617,437	-	30,811	13,481	648,248
Less accumulated depreciation	(5,488,605)	(4,762,721)	(10,986,767)	(10,175,110)	(16,475,372)	(14,937,831)
Total	\$ 19,141,302	\$ 17,929,483	\$ 27,907,866	\$ 27,038,421	\$ 47,049,168	\$ 44,967,904

During 2021, land improvements increased \$49,503 for governmental activities, buildings and improvements capital assets increased \$995,485 for business-type activities, machinery and equipment assets increased \$384,540 for governmental activities and \$716,428 for business-type activities, infrastructure increased \$2,077,616 for governmental activities, and construction in progress decreased \$603,956 for governmental activities and \$30,811 for business-type activities.

In 2021, Capital Asset increases are in relation to the completion of utility street and construction projects for single, multi-family, and condominium housing projects, and public green spaces within TID 1 and 2; and the continuation of the Highway 29 interchange development. Machinery and equipment increases were for a Law Enforcement Policy Manual, 2 Police Interceptor vehicles, Fire Tender vehicle, and annual water meter replacements.

An increase of \$1,536,291 was recognized in accumulated depreciation for the Village’s capital assets. The Village’s estimate of the depreciable life of capital assets is based upon analysis of the expected useful life of the capital assets. The Village evaluated key factors and assumptions used to develop the depreciable life of the assets and determined they are reasonable in relation to the financial statements.

More detailed information on the Village’s capital asset activity may be found in Note B on pages 48 - 50 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 \$40,205,104. Of this amount, \$30,717,530 comprises debt backed by the full faith and credit of the government, \$2,515,000 in revenue bonds for a new water tower, \$5,384,327 for a tax increment district land contract, and \$1,588,247 for interceptor costs being paid to the Green Bay Metropolitan Sewerage District (Green Bay MSD).

Village of Hobart's Outstanding Debt						
General Obligation Debt / Revenue Bonds / and Notes Payable						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation debt						
Bonds	\$ 15,250,000	\$ 16,435,500	\$ 1,145,000	\$ 3,124,500	\$ 16,395,000	\$ 19,560,000
Notes	10,805,000	7,960,000	1,635,000	-	12,440,000	7,960,000
Direct Borrowings	1,276,519	1,340,454	606,011	659,670	1,882,530	2,000,124
Total general obligation debt	27,331,519	25,735,954	3,386,011	3,784,170	30,717,530	29,520,124
Revenue Bonds	2,515,000	2,615,000	-	-	2,515,000	2,615,000
Land Contract	5,384,327	5,818,310	-	-	5,384,327	5,818,310
Notes payable -						
Green Bay MSD	-	-	1,588,247	1,933,190	1,588,247	1,933,190
Total	\$ 35,230,846	\$ 34,169,264	\$ 4,974,258	\$ 5,717,360	\$ 40,205,104	\$ 39,886,624

During 2021 the Village’s total debt increased by \$318,480. On May 11, 2021, \$4,425,000 general obligation promissory notes were issued to finance the cost of interchange and road projects in the Village's Tax Incremental District No. 1, and to refund the Village’s General Obligation Refunding Bonds, Series 2010-A, dated November 22, 2010, and to refund a portion of the Village’s General Obligation Refunding Bonds, Series 2011-A, dated June 7, 2011. The bonds have interest rates ranging from 1.15% to 2.00% in 2022 thru 2031. Also, on May 11, 2021, \$2,340,000 taxable general obligation promissory notes were issued to finance the cost of projects in the Village's Tax Incremental District No. 1, and to refund the Village’s Taxable General Obligation Promissory Notes, Series 2017B, dated August 1, 2017, to fund developer incentives related to Tax Increment District No. 1 development projects, and to refund series 2010B taxable general obligation refunding bonds for debt-service-cost savings. The notes have interest rates ranging from 1.15% to 2.00% in 2022 to 2031. The Village had the following 2021 principal debt retirement: \$1,185,500 in governmental activity general obligation bonds debt, \$1,979,500 in business-type activity general obligation bonds debt, \$2,285,000 in governmental activity general obligation notes debt, \$63,935 in governmental activity general obligation direct borrowings debt, \$53,659 in business-type activity general obligation direct borrowings debt, \$100,000 in governmental activity revenue bonds debt, \$433,983 in tax increment district land contract, and \$344,943 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 \$56,869,580, which is significantly more than the Village’s \$30,717,530 total outstanding general obligation debt applicable to the limit. The total outstanding general obligation debt applicable to the debt limit is 54.01% which meets the percentage requirement of the Debt Management Policy adopted by the Village Board.

The Village's 2021 long-term debt credit rating issued by Standard and Poor's was AA with a stable outlook. Factors cited for the rating were: strong economy; strong management; strong budgetary performance; very strong budget flexibility; very strong liquidity; weak debt and contingent liability profile; pension and other postemployment benefits (OPEB); and adequate institutional framework.

More detailed information on the Village's long-term debt activity may be found in Note D on pages 51 - 56 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 2022 fiscal year budget.

- The unemployment rate for the Village of Hobart is currently 1.7 percent;
- Taxable assessed value for the Village increased by 26.78 percent based on a Village wide 2021 market revaluation;
- The projected mill rate of \$3.63 decreased from the 2020 rate of \$4.42 based on the market revaluation;
- Addition of three new full-time positions (Deputy Village Clerk-Treasurer, Police Captain, and Police Patrol Officer) and the creation of a second sergeant's position in the Police Department;
- No increase in garbage and recycling fees;
- Restoring license fees to pre-pandemic levels;
- A 10 percent reduction in storm water fees to be reflected on the 2021 tax bills;
- A General Fund contingency balance of \$88,000, an increase of \$11,000 over the 2021 contingency fund;
- Total expenditures of \$4,111,344.10, an increase of 10.1 percent over the 2021 budget;
- The largest non-payroll expenditure increases were in health insurance (8.5 percent increase), ambulance (\$36.671 increase) and general increases in fuel and utility costs to reflect inflationary increases nationwide in those areas.

The Village is experiencing a tremendous growth in tax base, but much of the growth is contained within the two Tax Increment Districts. This provides relatively little general tax base support to mitigate tax rate increases to accommodate the array of budgetary challenges outlined above. The Village is also experiencing population growth that, by percentage, is among the fastest rates of population growth in the state. State Department of Administration projections show Hobart to be one of the fastest growing city, village, or town's over the next 20 years.

Acknowledgements/Contacting the Village's Financial Management

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

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Village Administrator, 2990 S. Pine Tree Road, Hobart, Wisconsin 54155.

BASIC FINANCIAL STATEMENTS

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 9,688,308	\$ 1,536,467	\$ 11,224,775
Receivables:			
Taxes and Special Charges	5,651,787	-	5,651,787
Delinquent Taxes	14,493	-	14,493
Accounts	98,709	578,256	676,965
Special Assessments	-	122,196	122,196
Loans	3,722,568	-	3,722,568
Inventories and Prepaid Items	11,244	-	11,244
Assets Held for Resale	1,087,520	-	1,087,520
Land Held for Resale	-	-	-
Net Pension Asset	610,629	90,198	700,827
Capital Assets, Nondepreciable	4,751,407	623,363	5,374,770
Capital Assets, Depreciable	14,389,895	27,284,503	41,674,398
Total Assets	<u>40,026,560</u>	<u>30,234,983</u>	<u>70,261,543</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,023,514	149,825	1,173,339
Other Postemployment Related Amounts	72,137	12,578	84,715
Total Deferred Outflows of Resources	<u>1,095,651</u>	<u>162,403</u>	<u>1,258,054</u>
LIABILITIES			
Accounts Payable	1,319,619	192,195	1,511,814
Accrued and Other Current Liabilities	83,593	2,202	85,795
Accrued Interest Payable	272,473	53,366	325,839
Special Deposits	1,121	-	1,121
Unearned Revenues	296,398	-	296,398
Long-Term Obligations:			
Due within One Year	2,765,898	786,133	3,552,031
Due in More than One Year	32,875,255	4,257,809	37,133,064
Net Other Postemployment Benefits	156,188	27,234	183,422
Total Liabilities	<u>37,770,545</u>	<u>5,318,939</u>	<u>43,089,484</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	8,839,025	-	8,839,025
Pension Related Amounts	1,339,891	197,921	1,537,812
Other Postemployment Related Amounts	31,459	5,485	36,944
Total Deferred Inflows of Resources	<u>10,210,375</u>	<u>203,406</u>	<u>10,413,781</u>
NET POSITION			
Net Investment in Capital Assets	3,018,426	22,863,924	25,882,350
Restricted			
Park development	328,056	-	328,056
Memorial bricks/trees	-	-	-
GIS	10,442	-	10,442
TID #1 Project Plan Development	1,524,050	-	1,524,050
TID #2 Project Plan Development	1,130,438	-	1,130,438
Pension benefits	610,629	90,198	700,827
Unrestricted	<u>(13,480,750)</u>	<u>1,920,919</u>	<u>(11,559,831)</u>
Total Net Position	<u>\$ (6,858,709)</u>	<u>\$ 24,875,041</u>	<u>\$ 18,016,332</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 828,128	\$ 185,806	\$ -	\$ -
Public Safety	2,175,192	660,522	87,692	30,000
Public Works	1,576,197	478,907	401,627	224,000
Health and Human Services	2,631	-	-	-
Culture and Recreation	15,760	5,760	231,236	-
Conservation and Development	3,988,760	22,634	-	-
Interest and Fiscal Charges	1,210,204	-	-	-
Total Governmental Activities	<u>9,796,872</u>	<u>1,353,629</u>	<u>720,555</u>	<u>254,000</u>
BUSINESS-TYPE ACTIVITIES				
Water Utility	1,150,380	1,091,759	-	-
Sewer Utility	1,352,047	1,675,835	105,619	-
Storm Water Utility	465,495	530,749	-	-
Total Business-Type Activities	<u>2,967,922</u>	<u>3,298,343</u>	<u>105,619</u>	<u>-</u>
Total	<u>\$ 12,764,794</u>	<u>\$ 4,651,972</u>	<u>\$ 826,174</u>	<u>\$ 254,000</u>

GENERAL REVENUES

Taxes:

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

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

TRANSFERS

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - January 1, Originally Stated

Prior Period Adjustment

Net Position - January 1, as Restated

NET POSITION - END OF YEAR

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (642,322)	\$ -	\$ (642,322)
(1,396,978)	-	(1,396,978)
(471,663)	-	(471,663)
(2,631)	-	(2,631)
221,236	-	221,236
(3,966,126)	-	(3,966,126)
(1,210,204)	-	(1,210,204)
(7,468,688)	-	(7,468,688)
-	(58,621)	(58,621)
-	429,407	429,407
-	65,254	65,254
-	436,040	436,040
(7,468,688)	436,040	(7,032,648)
1,780,562	-	1,780,562
615,953	-	615,953
3,609,410	-	3,609,410
90	-	90
57,188	-	57,188
98,569	-	98,569
2,680	582	3,262
212,509	-	212,509
(1,075,296)	1,075,296	-
5,301,665	1,075,878	6,377,543
(2,167,023)	1,511,918	(655,105)
(6,564,254)	23,363,123	16,798,869
1,872,568	-	1,872,568
(4,691,686)	23,363,123	18,671,437
\$ (6,858,709)	\$ 24,875,041	\$ 18,016,332

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Tax Incremental District #1
ASSETS				
Cash and Investments	\$ 2,814,831	\$ 387,828	\$ 653,482	\$ 2,970,566
Receivables:				
Taxes and Special Charges	1,918,679	391,847	334,185	1,963,405
Delinquent Taxes	14,493	-	-	-
Accounts	58,488	-	40,221	-
Loans	-	-	-	3,722,568
Inventories and Prepaid Items	-	-	-	-
Land Held for Resale	-	-	-	-
	<u>\$ 4,806,491</u>	<u>\$ 779,675</u>	<u>\$ 1,027,888</u>	<u>\$ 8,656,539</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 82,230	\$ -	\$ 5,820	\$ 785,541
Accrued and Other Current Liabilities	83,553	-	-	20
Special Deposits	1,026	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>166,809</u>	<u>-</u>	<u>5,820</u>	<u>785,561</u>
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	2,989,343	614,014	523,659	3,076,604
Loans Receivable	-	-	-	2,122,568
Delinquent Taxes and Assessments	14,493	-	-	-
Total Deferred Inflows of Resources	<u>3,003,836</u>	<u>614,014</u>	<u>523,659</u>	<u>5,199,172</u>
Fund Balances:				
Nonspendable for Inventories and Prepaid Items	-	-	-	-
Restricted	10,442	165,661	-	1,524,050
Assigned	-	-	498,409	1,147,756
Unassigned	1,625,404	-	-	-
Total Fund Balances	<u>1,635,846</u>	<u>165,661</u>	<u>498,409</u>	<u>2,671,806</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,806,491</u>	<u>\$ 779,675</u>	<u>\$ 1,027,888</u>	<u>\$ 8,656,539</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2021**

	Tax Incremental District #2	Other Governmental Funds	Total
ASSETS			
Cash and Investments	\$ 2,152,747	\$ 708,854	\$ 9,688,308
Receivables:			
Taxes and Special Charges	1,043,671	-	5,651,787
Delinquent Taxes	-	-	14,493
Accounts	-	-	98,709
Loans	-	-	3,722,568
Inventories and Prepaid Items	-	11,244	11,244
Land Held for Resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,196,418</u>	<u>\$ 720,098</u>	<u>\$ 19,187,109</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 430,555	\$ 15,473	\$ 1,319,619
Accrued and Other Current Liabilities	20	-	83,593
Special Deposits	-	95	1,121
Unearned Revenues	-	296,398	296,398
Total Liabilities	<u>430,575</u>	<u>311,966</u>	<u>1,700,731</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	1,635,405	-	8,839,025
Loans Receivable	-	-	2,122,568
Delinquent Taxes and Assessments	-	-	14,493
Total Deferred Inflows of Resources	<u>1,635,405</u>	<u>-</u>	<u>10,976,086</u>
Fund Balances:			
Nonspendable for Inventories and Prepaid Items	-	11,244	11,244
Restricted	1,130,438	328,056	3,158,647
Assigned	-	68,832	1,714,997
Unassigned	-	-	1,625,404
Total Fund Balances	<u>1,130,438</u>	<u>408,132</u>	<u>6,510,292</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,196,418</u>	<u>\$ 720,098</u>	<u>\$ 19,187,109</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

RECONCILIATION TO THE STATEMENT OF NET POSITION	<u>2021</u>
Total Fund Balances as Shown on Previous Page	\$ 6,510,292
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.	19,141,302
Assets held for resale in governmental activities is not a current financial resource and therefore are not reported in the funds.	1,087,520
Long-term asset are not current financial resources; therefore, are not reported in the funds:	
Net Pension Asset	610,629
Other long-term assets are not available to pay current peirod expenditures and therefore are deferred in the funds.	
Delinquent Taxes and Special Assessments	14,493
Loan Receivable	2,122,568
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Outflows Related to Pensions	1,023,514
Deferred Inflows Related to Pensions	(1,339,891)
Deferred Outflows Related to Other Postemployment Benefits	72,137
Deferred Inflows Related to Other Postemployment Benefits	(31,459)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds, Notes Payable, and Related Premiums	(35,641,153)
Net Other Postemployment Benefit Liability	(156,188)
Accrued Interest on Long-Term Obligations	<u>(272,473)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 18)	<u>\$ (6,858,709)</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	General	Debt Service	Capital Projects	Tax Incremental District #1
REVENUES				
Taxes	\$ 1,792,161	\$ 615,953	\$ 626,319	\$ 2,110,837
Excess Stadium District Sales Tax	-	90	-	-
Special Assessments and Charges	-	-	224,000	-
Intergovernmental	1,083,607	-	-	1,435
Licenses and Permits	200,265	-	-	-
Fines and Forfeits	84,378	-	-	-
Public Charges for Services	587,983	-	-	-
Intergovernmental Charges for Services	-	-	97,188	-
Miscellaneous	11,303	-	45	208,532
Total Revenues	<u>3,759,697</u>	<u>616,043</u>	<u>947,552</u>	<u>2,320,804</u>
EXPENDITURES				
Current:				
General Government	718,012	-	-	47,472
Public Safety	1,991,221	-	-	-
Public Works	787,148	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	104,596	-	-	2,541,310
Debt Service:				
Principal	-	430,000	-	1,491,058
Interest and Fiscal Charges	-	157,132	-	545,301
Capital Outlay	-	-	979,522	3,263,898
Total Expenditures	<u>3,600,977</u>	<u>587,132</u>	<u>979,522</u>	<u>7,889,039</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	158,720	28,911	(31,970)	(5,568,235)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	85,000	-	3,425,000
Premium on Debt Issued	-	2,806	-	60,515
Payment to Current Bondholder	-	(115,500)	-	(125,000)
Proceeds from Sale of Capital Assets	-	-	-	-
Transfers In	106,051	-	-	-
Transfers Out	(308,978)	-	-	-
Total Other Financing Sources (Uses)	<u>(202,927)</u>	<u>(27,694)</u>	<u>-</u>	<u>3,360,515</u>
NET CHANGE IN FUND BALANCES	(44,207)	1,217	(31,970)	(2,207,720)
Fund Balances - Beginning of Year	<u>1,680,053</u>	<u>164,444</u>	<u>530,379</u>	<u>4,879,526</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,635,846</u>	<u>\$ 165,661</u>	<u>\$ 498,409</u>	<u>\$ 2,671,806</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Tax Incremental District #2	Other Governmental Funds	Total
REVENUES			
Taxes	\$ 872,254	\$ -	\$ 6,017,524
Excess Stadium District Sales Tax	-	-	90
Special Assessments and Charges	-	-	224,000
Intergovernmental	327	254,650	1,340,019
Licenses and Permits	-	22,634	222,899
Fines and Forfeits	-	-	84,378
Public Charges for Services	-	-	587,983
Intergovernmental Charges for Services	-	-	97,188
Miscellaneous	417	4,672	224,969
Total Revenues	<u>872,998</u>	<u>281,956</u>	<u>8,799,050</u>
EXPENDITURES			
Current:			
General Government	28,793	-	794,277
Public Safety	-	47,479	2,038,700
Public Works	-	-	787,148
Culture and Recreation	-	3,556	3,556
Conservation and Development	-	-	2,645,906
Debt Service:			
Principal	316,860	-	2,237,918
Interest and Fiscal Charges	244,451	-	946,884
Capital Outlay	603,082	208,072	5,054,574
Total Expenditures	<u>1,193,186</u>	<u>259,107</u>	<u>14,508,963</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(320,188)	22,849	(5,709,913)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	1,620,000	-	5,130,000
Premium on Debt Issued	6,950	-	70,271
Payment to Current Bondholder	(1,590,000)	-	(1,830,500)
Proceeds from Sale of Capital Assets	-	-	-
Transfers In	-	308,978	415,029
Transfers Out	-	-	(308,978)
Total Other Financing Sources (Uses)	<u>36,950</u>	<u>308,978</u>	<u>3,475,822</u>
NET CHANGE IN FUND BALANCES	(283,238)	331,827	(2,234,091)
Fund Balances - Beginning of Year	<u>1,413,676</u>	<u>76,305</u>	<u>8,744,383</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,130,438</u>	<u>\$ 408,132</u>	<u>\$ 6,510,292</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	2021
RECONCILIATION TO THE STATEMENT OF ACTIVITIES	
Net Change in Fund Balances as Shown on Previous Page	\$ (2,234,091)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their the statement of activities the cost of those assets is allocated over their estimated useful lives and reported estimated useful lives and reported as depreciation expense.</p>	
Capital Assets Reported as Expenditures in Governmental Fund Statements	2,149,513
Depreciation Expense Reported in the Statement of Activities	(725,884)
Net Book Value of Disposals	(211,810)
Developers expense related to sale of land held for resale	(331,880)
<p>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.</p>	
Delinquent Taxes and Special Assessments	1,946
Loans Receivable	100,000
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Long-Term Debt Issued	(5,130,000)
Premium on Debt Issued	(70,271)
Principal Repaid	4,068,418
<p>Some expenses reported in the statement of activities do not required the use of current financial resources and therefore are not not reported as expenditures in the governmental funds:</p>	
Accrued Interest on Long-Term Debt	2,014
Amortization of Premiums	42,798
Net Pension Asset	318,095
Net Pension Liability	-
Deferred Outflows of Resources Related to Pensions	330,690
Deferred Inflows of Resources Related to Pensions	(458,405)
Net Other Postemployment Benefits Liability	(39,697)
Deferred Outflows of Resources Related to Other Postemployment Benefits	19,069
Deferred Inflows of Resources Related to Other Postemployment Benefits	2,472
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 19 - 20)	\$ (2,167,023)

See accompanying Notes to Basic Financial Statements.

VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 1,780,803	\$ 1,780,803	\$ 1,792,161	\$ 11,358
Intergovernmental	1,028,107	1,028,107	1,083,607	55,500
Licenses and Permits	147,710	147,710	200,265	52,555
Fines and Forfeits	90,100	90,100	84,378	(5,722)
Public Charges for Services	561,832	561,832	587,983	26,151
Miscellaneous	24,394	24,394	11,303	(13,091)
Total Revenues	<u>3,632,946</u>	<u>3,632,946</u>	<u>3,759,697</u>	<u>126,751</u>
EXPENDITURES				
Current:				
General Government	802,315	802,315	718,012	84,303
Public Safety	1,957,466	1,957,466	1,991,221	(33,755)
Public Works	862,426	862,426	787,148	75,278
Conservation and Development	110,622	110,622	104,596	6,026
Total Expenditures	<u>3,732,829</u>	<u>3,732,829</u>	<u>3,600,977</u>	<u>131,852</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(99,883)	(99,883)	158,720	258,603
OTHER FINANCING SOURCES (USES)				
Transfers In	99,883	99,883	106,051	6,168
Transfers Out	-	-	(308,978)	(308,978)
Total Other Financing Sources (Uses)	<u>99,883</u>	<u>99,883</u>	<u>(202,927)</u>	<u>(302,810)</u>
NET CHANGE IN FUND BALANCE	-	-	(44,207)	(44,207)
Fund Balance - Beginning of Year	<u>1,680,053</u>	<u>1,680,053</u>	<u>1,680,053</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,680,053</u>	<u>\$ 1,680,053</u>	<u>\$ 1,635,846</u>	<u>\$ (44,207)</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Water Utility	Sewer Utility	Storm Water Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 873,697	\$ 244,892	\$ 417,878	\$ 1,536,467
Customer Accounts	197,318	380,903	35	578,256
Special Assessments	-	-	3,980	3,980
Total Current Assets	<u>1,071,015</u>	<u>625,795</u>	<u>421,893</u>	<u>2,118,703</u>
Other Assets:				
Deferred Special Assessments	118,216	-	-	118,216
Net Pension Asset	34,426	29,891	25,881	90,198
Total Other Assets	<u>152,642</u>	<u>29,891</u>	<u>25,881</u>	<u>208,414</u>
Capital Assets:				
Nondepreciable	114,692	508,671	-	623,363
Depreciable	12,492,451	9,320,557	5,471,495	27,284,503
Total Capital Assets	<u>12,607,143</u>	<u>9,829,228</u>	<u>5,471,495</u>	<u>27,907,866</u>
Total Assets	13,830,800	10,484,914	5,919,269	30,234,983
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	56,753	49,629	43,443	149,825
Other Postemployment Related Amounts	4,568	4,303	3,707	12,578
Total Deferred Outflows of Resources	<u>61,321</u>	<u>53,932</u>	<u>47,150</u>	<u>162,403</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	89,215	72,889	30,091	192,195
Accrued and Other Current Liabilities	905	727	570	2,202
Current Portion of Long-Term Debt	319,841	466,292	-	786,133
Accrued Interest	17,034	35,626	706	53,366
Total Current Liabilities	<u>426,995</u>	<u>575,534</u>	<u>31,367</u>	<u>1,033,896</u>
Long-Term Obligations, Less Current Portion:				
General Obligation Debt	1,701,170	1,080,000	125,000	2,906,170
Debt Premium	60,918	8,766	-	69,684
Notes Payable	-	1,281,955	-	1,281,955
Other Postemployment Benefits	9,890	9,317	8,027	27,234
Total Long-Term Liabilities	<u>1,771,978</u>	<u>2,380,038</u>	<u>133,027</u>	<u>4,285,043</u>
Total Liabilities	2,198,973	2,955,572	164,394	5,318,939
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	75,540	65,590	56,791	197,921
Other Postemployment Related Amounts	1,992	1,876	1,617	5,485
Total Deferred Inflows of Resources	<u>77,532</u>	<u>67,466</u>	<u>58,408</u>	<u>203,406</u>
NET POSITION				
Net Investment in Capital Assets	10,525,214	6,992,215	5,346,495	22,863,924
Restricted				
Pension Benefits	34,426	29,891	25,881	90,198
Unrestricted	<u>1,055,976</u>	<u>493,702</u>	<u>371,241</u>	<u>1,920,919</u>
Total Net Position	<u>\$ 11,615,616</u>	<u>\$ 7,515,808</u>	<u>\$ 5,743,617</u>	<u>\$ 24,875,041</u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Water Utility	Sewer Utility	Storm Water Utility	Total
OPERATING REVENUES				
Charges for Services	\$ 1,068,497	\$ 1,647,788	\$ -	\$ 2,716,285
Other	23,262	28,047	530,749	582,058
Total Operating Revenues	<u>1,091,759</u>	<u>1,675,835</u>	<u>530,749</u>	<u>3,298,343</u>
OPERATING EXPENSES				
Operation and Maintenance	707,183	973,807	296,966	1,977,956
Depreciation	353,249	302,144	161,146	816,539
Taxes	3,987	8,979	6,107	19,073
Total Operating Expenses	<u>1,064,419</u>	<u>1,284,930</u>	<u>464,219</u>	<u>2,813,568</u>
OPERATING INCOME	27,340	390,905	66,530	484,775
NONOPERATING REVENUES (EXPENSES)				
Interest Income	167	63	352	582
Interest and Fiscal Charges	(85,961)	(67,117)	(1,276)	(154,354)
Other Nonoperating Revenues	-	105,619	-	105,619
Total Nonoperating Revenues (Expenses)	<u>(85,794)</u>	<u>38,565</u>	<u>(924)</u>	<u>(48,153)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(58,454)	429,470	65,606	436,622
Capital Contributions	416,872	602,945	161,530	1,181,347
Transfers Out	(66,051)	(40,000)	-	(106,051)
CHANGE IN NET POSITION	292,367	992,415	227,136	1,511,918
Net Position - Beginning of Year	<u>11,323,249</u>	<u>6,523,393</u>	<u>5,516,481</u>	<u>23,363,123</u>
NET POSITION - END OF YEAR	<u>\$ 11,615,616</u>	<u>\$ 7,515,808</u>	<u>\$ 5,743,617</u>	<u>\$ 24,875,041</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Water Utility	Sewer Utility	Storm Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,085,267	\$ 1,651,013	\$ 533,787	\$ 3,270,067
Cash Paid for Employee Wages and Benefits	(131,148)	(84,893)	(121,365)	(337,406)
Cash Paid to Suppliers	(558,972)	(1,041,298)	(469,809)	(2,070,079)
Net Cash Provided (Used) by Operating Activities	395,147	524,822	(57,387)	862,582
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer Out	(66,051)	(40,000)	-	(106,051)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(98,681)	(87,357)	(484,221)	(670,259)
Disposal of Capital Assets	105,586	-	60,036	165,622
Proceeds of Long-Term Debt	1,415,000	220,000	-	1,635,000
Debt Premium Received	60,918	8,766	-	69,684
Principal Paid on Long-Term Debt	(1,661,632)	(610,851)	-	(2,272,483)
Interest Paid on Long-Term Debt	(76,463)	(82,712)	(1,555)	(160,730)
Net Cash Used by Capital and Related Financing Activities	(255,272)	(552,154)	(425,740)	(1,233,166)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	167	63	352	582
CHANGE IN CASH AND INVESTMENTS	73,991	(67,269)	(482,775)	(476,053)
Cash and Investments - Beginning of Year	799,706	312,161	900,653	2,012,520
CASH AND INVESTMENTS - END OF YEAR	<u>\$ 873,697</u>	<u>\$ 244,892</u>	<u>\$ 417,878</u>	<u>\$ 1,536,467</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	Water Utility	Sewer Utility	Storm Water Utility	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	\$ 27,340	\$ 390,905	\$ 66,530	\$ 484,775
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	353,249	302,144	161,146	816,539
Depreciation Charged to Sewer Utility	15,514	(15,514)	-	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Net Pension Asset	(15,903)	(12,441)	(10,847)	(39,191)
Deferred Outflows -Pension Related	(13,300)	(9,374)	(9,111)	(31,785)
Net Pension Liability	-	-	-	-
Deferred Inflows - Pension Related	19,724	13,009	11,491	44,224
Other Postemployment Benefits				
Deferred Outflows - OPEB Related	(1,208)	(1,138)	(980)	(3,326)
Net OPEB Liability	2,514	2,368	2,040	6,922
Deferred Inflows - OPEB Related	(157)	(148)	(127)	(432)
Change in Operating Assets and Liabilities:				
Accounts Receivables	(6,492)	(24,822)	3,038	(28,276)
Accounts Payable	15,895	(118,632)	(279,332)	(382,069)
Accrued and Other Current Liabilities	(2,029)	(1,535)	(1,235)	(4,799)
Net Cash Provided (Used) by Operating Activities	<u>\$ 395,147</u>	<u>\$ 524,822</u>	<u>\$ (57,387)</u>	<u>\$ 862,582</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Contributed by Village	\$ 416,872	\$ 602,945	\$ 161,530	\$ 1,181,347
Principal Forgiveness	-	105,619	-	105,619
Capital Assets Included in Accounts Payable	-	-	-	-

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021**

	<u>Tax Collection Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 3,530,799
Property Taxes Receivable	<u>6,246,407</u>
Total Assets	<u>9,777,206</u>
LIABILITIES	
Due to Other Governments	<u>3,530,799</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Period	<u>6,246,407</u>
NET POSITION	
Fiduciary Net Position - Held for Others	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2021**

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Property Tax Collections	<u>\$ 10,209,595</u>
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>10,209,595</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Village is a municipal corporation governed by an elected five-member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Government-Wide and Fund Financial Statements

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

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Village reports the following major governmental funds:

General Fund

This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund

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

Capital Projects Fund

This fund accounts for all other major capital expenditures of the Village, other than those accounted for in the Tax Incremental District Capital Projects Funds and the enterprise funds.

Tax Incremental District #1 Capital Projects Fund

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

Tax Incremental District #2 Capital Projects Fund

This fund accounts for the resources accumulated and payments made for the development of Tax Incremental District #2.

The Village reports the following major enterprise funds:

Water Utility Fund

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

Sewer Utility Fund

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

Storm Water Utility Fund

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

The Village also reports the following fiduciary fund:

Custodial Fund

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges Receivable

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

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

3. Accounts Receivable

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments is recognized when levied. (Installments placed on the 2020 tax roll are recognized as revenue in 2021.) Special assessments are subject to collection procedures.

5. Interfund Receivables and Payables

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

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

6. Inventories

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

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed during the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Capital Assets

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

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

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

Assets	Governmental Activities	Business-Type Activities
	Years	
Buildings	40	25 - 50
Improvements Other than Buildings	20	25 - 100
Machinery and Equipment	4 - 20	3 - 10
Infrastructure	30	-

9. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include land intended for resale. Land held for resale is recorded at lower of cost or market value.

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Long-Term Obligations

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

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

12. Pensions

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

13. Other Postemployment Benefits Other Than Pensions (OPEB)

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity

Governmental Fund Financial Statements

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

Nonspendable fund balance – Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

Restricted fund balance – Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

Committed fund balance – Amounts that are constrained for specific purposes by action of the Village board through the adoption of an ordinance or resolution. These constraints can only be removed or changed by the Village board using the same action that was used to create them.

Assigned fund balance – Amounts that are constrained for specific purposes by action of Village board as described in the Village's Fund Balance Policy. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

Unassigned fund balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity (Continued)

Government-Wide and Proprietary Fund Statements

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

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

Restricted net position – Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – Net position that is neither classified as restricted nor as net investment in capital assets.

E. USE OF ESTIMATES

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

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Village's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During October, Village management submits to the Village board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all general, debt service, and capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general, debt service funds, and capital projects funds adopting a budget.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2021.

B. 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 2021 and 2022 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2022 budget was 2.56%. The actual limit for the Village for the 2021 budget was 3.57%. 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, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

The carrying amount of the Village's cash and investments totaled \$14,755,574 on December 31, 2021 as summarized below:

Deposits with Financial Institutions	\$ 12,062,959
Investments:	
Wisconsin Local Government Investment Pool	1,110,881
Wisconsin Investment Series Cooperative (WISC)	1,581,734
Total	\$ 14,755,574

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 11,224,775
Fiduciary Fund Statement of Net Position	
Cash and Investments	3,530,799
Total	\$ 14,755,574

Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments that are subject to fair value measurement.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit policy.

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

As of December 31, 2021, \$9,241,162 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. \$9,226,152 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name. \$15,010 is uncollateralized.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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

Investment Type	Amount	AAA	Not Rated
Wisconsin Local Government Investment Pool	\$ 1,110,881	\$ -	\$ 1,110,881
WISC:			
Cash Management Series	31,101	31,101	-
Investment Series	1,550,633	1,550,633	-
Totals	<u>\$ 2,692,615</u>	<u>\$ 1,581,734</u>	<u>\$ 1,110,881</u>

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2021, the Wisconsin local government investment pool had a weighted average maturity of 31 days.

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government Investment Pool	\$ 1,110,881	\$ 1,110,881	\$ -	\$ -	\$ -
WISC:					
Cash Management Series	31,101	31,101	-	-	-
Investment Series	1,550,633	1,550,633	-	-	-
Totals	<u>\$ 2,692,615</u>	<u>\$ 2,692,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

The Village has investments in the Wisconsin local government investment pool of \$1,110,881 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of the Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

The Village has investments in the Wisconsin Investment Series Cooperative (WISC) of \$1,581,734 at year-end consisting of \$31,101 invested in the Cash Management Series and \$1,550,633 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14-day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 4,737,926	\$ -	\$ -	\$ 4,737,926
Construction in Progress	617,437	13,481	617,437	13,481
Total Capital Assets, Nondepreciable	<u>5,355,363</u>	<u>13,481</u>	<u>617,437</u>	<u>4,751,407</u>
Capital Assets, Depreciable:				
Land Improvements	970,507	61,350	11,847	1,020,010
Buildings and Improvements	1,127,224	-	-	1,127,224
Machinery and Equipment	2,890,727	414,540	-	3,305,267
Infrastructure	12,348,383	2,277,579	199,963	14,425,999
Subtotals	<u>17,336,841</u>	<u>2,753,469</u>	<u>211,810</u>	<u>19,878,500</u>
Less Accumulated Depreciation for:				
Land Improvements	98,374	47,874	-	146,248
Buildings and Improvements	797,414	25,932	-	823,346
Machinery and Equipment	1,428,204	242,835	-	1,671,039
Infrastructure	2,438,729	409,243	-	2,847,972
Subtotals	<u>4,762,721</u>	<u>725,884</u>	<u>-</u>	<u>5,488,605</u>
Total Capital Assets, Depreciable, Net	<u>12,574,120</u>	<u>2,027,585</u>	<u>211,810</u>	<u>14,389,895</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,929,483</u>	<u>\$ 2,041,066</u>	<u>\$ 829,247</u>	19,141,302
Less: Capital Related Debt				14,613,222
Less: Debt Premium				278,399
Less: Accounts Payable				<u>1,231,255</u>
Net Investment in Capital Assets				<u>\$ 3,018,426</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 114,692	\$ -	\$ -	\$ 114,692
Assets Held for Future Use	508,671	-	-	508,671
Construction in Progress	30,811	-	30,811	-
Total Capital Assets, Nondepreciable	654,174	-	30,811	623,363
Capital Assets, Depreciated:				
Buildings and Improvements	31,737,369	1,165,989	170,504	32,732,854
Machinery and Equipment	4,821,988	716,428	-	5,538,416
Subtotals	36,559,357	1,882,417	170,504	38,271,270
Less Accumulated Depreciation for:				
Buildings and Improvements	7,816,661	544,037	4,882	8,355,816
Machinery and Equipment	2,358,449	272,502	-	2,630,951
Subtotals	10,175,110	816,539	4,882	10,986,767
Total Capital Assets, Depreciated, Net	26,384,247	1,065,878	165,622	27,284,503
Business-Type Activities Capital Assets, Net	<u>\$ 27,038,421</u>	<u>\$ 1,065,878</u>	<u>\$ 196,433</u>	27,907,866
Less: Capital Related Debt				4,974,258
Less: Debt Premium				<u>69,684</u>
Net Investment in Capital Assets				<u>\$ 22,863,924</u>

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

Governmental Activities:	
General Government	\$ 20,689
Public Safety	172,715
Public Works	316,719
Culture and Recreation	3,241
Conservation and Development	212,520
Total Depreciation Expense - Governmental Activities	<u>\$ 725,884</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Business-Type Activities:	
Water Utility	\$ 368,763
Sewer Utility	286,630
Storm Water Management	<u>161,146</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 816,539</u></u>

C. Interfund Transfers

Interfund transfers for the year ended December 31, 2021 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 106,051	\$ 308,978
Parks and Recreation	308,978	-
Water Utility	-	66,051
Sewer Utility	-	40,000
Total	<u><u>\$ 415,029</u></u>	<u><u>\$ 415,029</u></u>

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water	
Utility to General Fund	\$ 66,051
Reimbursement of 2017 Sanitary Sewer Transfer	40,000
Transfer to create Parks and Recreation Fund	<u>308,978</u>
Total	<u><u>\$ 415,029</u></u>

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

Tax Equivalent Payment Made by Water	
Utility to General Fund	\$ (66,051)
Reimbursement of 2017 Sanitary Sewer Transfer	(40,000)
Utility Capital Assets Financed by Capital Projects	133,108
Utility Capital Assets Financed by Tax Incremental Districts	<u>1,048,239</u>
Total Governmental Activities	<u><u>\$ 1,075,296</u></u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 16,435,500	\$ -	\$ 1,185,500	\$ 15,250,000	\$ 1,100,000
Notes	7,960,000	5,130,000	2,285,000	10,805,000	920,000
Direct Borrowings	1,340,454	-	63,935	1,276,519	66,173
Total General Obligation Debt	25,735,954	5,130,000	3,534,435	27,331,519	2,086,173
Revenue Bonds	2,615,000	-	100,000	2,515,000	105,000
Land Contract	5,818,310	-	433,983	5,384,327	574,725
Debt Premium	382,834	70,271	42,798	410,307	-
Governmental Activities Long-Term Obligations	<u>\$ 34,552,098</u>	<u>\$ 5,200,271</u>	<u>\$ 4,111,216</u>	<u>\$ 35,641,153</u>	<u>\$ 2,765,898</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 3,124,500	\$ -	\$ 1,979,500	\$ 1,145,000	\$ 115,000
Notes	-	1,635,000	-	1,635,000	310,000
Direct Borrowings	659,670	-	53,659	606,011	54,841
Total General Obligation Debt	3,784,170	1,635,000	2,033,159	3,386,011	479,841
Debt Premium	-	73,968	4,284	69,684	-
Notes Payable - GBMSD	1,933,190	-	344,943	1,588,247	306,292
Business-Type Activities Long-Term Obligations	<u>\$ 5,717,360</u>	<u>\$ 1,708,968</u>	<u>\$ 2,382,386</u>	<u>\$ 5,043,942</u>	<u>\$ 786,133</u>

Total interest paid during the year on long-term debt totaled \$972,147.

State Trust Fund Loan

The Village's outstanding notes from direct borrowings related to the governmental activities of \$1,276,519 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged and the payment will be collected through a reduction in payments from the state of Wisconsin.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Clean Water Fund Loan Programs

The Village's outstanding notes from direct borrowings related to business-type activities of \$606,011 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the Village or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Bonds:					
General Obligation Refunding Bonds	07/10/12	03/01/29	2.75 - 3.125%	\$ 5,000,000	\$ 2,660,000
General Obligation Taxable Refunding Bonds	04/15/13	03/01/29	2.40 - 3.70%	6,450,000	4,350,000
General Obligation Refunding Bonds	01/28/14	03/01/29	2.70 - 3.80%	3,780,000	2,900,000
General Obligation Refunding Bonds	06/15/15	03/01/29	2.30 - 3.25%	1,090,000	980,000
General Obligation Refunding Bonds	06/15/15	03/01/32	3.00 - 4.20%	2,540,000	1,200,000
General Obligation Refunding Bonds	08/08/16	03/01/32	2.15 - 2.80%	1,790,000	1,340,000
General Obligation Corporate Purpose Bonds	07/14/20	03/01/35	1.00 - 2.00%	2,965,000	2,965,000
Notes:					
Taxable General Obligation Notes	01/28/14	03/01/23	3.05 - 4.10%	1,110,000	300,000
General Obligation Notes	08/01/17	03/01/27	2.00 - 2.25%	4,065,000	3,515,000
Taxable General Obligation Notes	08/28/18	05/01/28	3.00 - 3.40%	1,015,000	815,000
General Obligation Notes	07/14/20	09/01/29	1.25 - 1.45%	1,190,000	1,045,000
General Obligation Notes	05/11/21	03/01/31	1.05 - 2.00%	4,425,000	4,425,000
Taxable General Obligation Notes	05/11/21	03/01/31	0.15 - 1.75%	2,340,000	2,340,000
Direct Placement:					
Clean Water Fund Bonds	07/27/11	05/01/31	2.20%	1,123,268	606,011
State Trust Fund Bonds	10/26/16	03/15/36	3.50%	1,500,000	1,276,519
Total Outstanding General Obligation Debt					<u>\$ 30,717,530</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$30,717,530 on December 31, 2021 are detailed below:

Year Ended December 31,	Governmental Activities					
	Bonds and Notes		Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,020,000	\$ 626,009	\$ 66,173	\$ 44,678	\$ 2,086,173	\$ 670,687
2023	2,220,000	555,051	68,489	42,362	2,288,489	597,413
2024	2,345,000	499,477	70,777	40,074	2,415,777	539,551
2025	2,745,000	438,350	73,363	37,488	2,818,363	475,838
2026	2,795,000	370,135	75,931	34,920	2,870,931	405,055
2027-2031	11,920,000	803,403	421,340	132,916	12,341,340	936,319
2032-2036	2,010,000	82,100	500,446	53,812	2,510,446	135,912
Total	<u>\$ 26,055,000</u>	<u>\$ 3,374,525</u>	<u>\$ 1,276,519</u>	<u>\$ 386,250</u>	<u>\$ 27,331,519</u>	<u>\$ 3,760,775</u>

Year Ended December 31,	Business-Type Activities					
	Bonds and Notes		Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 425,000	\$ 70,014	\$ 54,841	\$ 12,729	\$ 479,841	\$ 82,743
2023	455,000	50,341	56,047	11,509	511,047	61,850
2024	460,000	40,261	57,280	10,263	517,280	50,524
2025	454,220	30,097	58,540	5,989	512,760	36,086
2026	459,220	19,792	59,828	7,687	519,048	27,479
2027-2031	455,576	28,206	319,475	17,877	775,051	46,083
2032-2036	70,984	3,243	-	-	70,984	3,243
Total	<u>\$ 2,780,000</u>	<u>\$ 241,954</u>	<u>\$ 606,011</u>	<u>\$ 66,054</u>	<u>\$ 3,386,011</u>	<u>\$ 308,008</u>

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

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2021 was \$26,152,050 as follows:

Equalized Valuation of the Village	\$ 1,137,391,600
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	<u>56,869,580</u>
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>30,717,530</u>
Legal Margin for New Debt	<u>\$ 26,152,050</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Current Refunding

During 2021, the Village currently refunded various general obligation bonds and notes ranging from 2010 to 2011. The Village issued \$4,425,000 of general obligation notes to call the refunded debt. The current refundings were undertaken to finance economic development projects and to obtain more favorable interest rates and reduce the total debt service interest payments. The general obligation notes result in a savings over the next 6 years of \$222,561. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is \$137,040.

During 2021, the Village also currently refunded a general obligation note dated August 1, 2017. The Village issued \$2,340,000 of general obligation notes to call the refunded debt. The current refunding was undertaken to finance economic development projects and to obtain more favorable interest rates and reduce the total debt service interest payments. The general obligation notes result in a savings over the next year of \$17,549. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is \$2,503.

Notes Payable – Green Bay Metropolitan Sewerage District (GBMSD)

Annual principal and interest maturities of the outstanding notes payable to GBMSD of \$1,588,247 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 306,292	\$ 29,456	\$ 335,748
2023	175,985	41,707	217,692
2024	183,002	34,690	217,692
2025	190,307	27,385	217,692
2026	37,216	19,782	56,998
2027-2031	201,708	83,283	284,991
2032-2036	230,450	54,542	284,992
2037-2041	263,287	21,705	284,992
Total	<u>\$ 1,588,247</u>	<u>\$ 312,550</u>	<u>\$ 1,900,797</u>

Land Contract

Land contract outstanding on December 31, 2021 totaled \$5,384,327 and was comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
Land Contract	09/23/20	09/23/30	1.00%	\$ 5,818,310	\$ 5,384,327

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Annual principal and interest maturities of the outstanding land contract of \$5,384,327 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2022	\$ 574,725	\$ 57,848	\$ 632,573
2023	580,472	53,843	634,315
2024	586,277	48,096	634,373
2025	592,140	42,291	634,431
2026	598,061	36,428	634,489
2027-2030	2,452,652	92,127	2,544,779
Total	<u>\$ 5,384,327</u>	<u>\$ 330,633</u>	<u>\$ 5,714,960</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2021 totaled \$2,515,000 and were comprised of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/21
Revenue Bond	08/07/18	05/01/38	3.25 - 3.50%	\$ 2,715,000	\$ 2,515,000

Annual principal and interest maturities of the outstanding revenue bonds of \$2,515,000 on December 31, 2021 are detailed below:

<u>Year Ended December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2022	\$ 105,000	\$ 82,044	\$ 187,044
2023	110,000	78,550	188,550
2024	115,000	74,894	189,894
2025	120,000	71,074	191,074
2026	125,000	67,094	192,094
2027-2031	700,000	270,025	970,025
2032-2036	850,000	142,759	992,759
2037-2038	390,000	13,825	403,825
Total	<u>\$ 2,515,000</u>	<u>\$ 800,265</u>	<u>\$ 3,315,265</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Revenues Pledged

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

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

	Water Utility
Net Customer Revenues:	
Charges for Services	\$ 1,068,497
Other	23,262
Total Operating Revenues	1,091,759
Less: Operating Expenses, Less Depreciation	711,170
Net Customer Revenues	380,589
Tax Increments	185,375
Total Pledged Revenues	\$ 565,964
Debt Service:	
Principal	\$ 100,000
Interest	85,375
Total Debt Service	\$ 185,375
Remaining Principal and Interest	\$ 3,315,265

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/publications/cafr.htm>.

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

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

2. Postretirement Adjustments

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

The Core and Variable annuity adjustments granted during recent years are as follow:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	20
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, executives and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ended December 31, 2021, the WRS recognized \$136,843 in contributions from the Village.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

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

At December 31, 2021, the Village reported an asset of \$700,827 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the Village's proportion was 0.01122557%, which was an increase of 0.00057132% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense (revenue) of (\$77,273).

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

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

At December 31, 2021, 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	\$ 1,014,311	\$ 218,481
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,315,747
Changes in Assumptions	15,896	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	6,289	3,584
Employer Contributions Subsequent to the Measurement Date	136,843	-
Total	\$ 1,173,339	\$ 1,537,812

\$136,843 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2022	\$ (130,079)
2023	(34,700)
2024	(236,635)
2025	(99,902)
Total	\$ (501,316)

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0%	3.2%	0.8%
Inflation Sensitive Assets	16.0%	2.0%	-0.4%
Real Estate	8.0%	5.6%	3.1%
Private Equity/Debt	11.0%	10.2%	7.6%
Multi-Asset	4.0%	5.8%	3.3%
Cash	-15.0%	0.9%	N/A
Total Core Fund	100%	7.5%	4.1%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	6.6%	4.1%
International Equities	30%	7.4%	4.9%
Total Variable Fund	100%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

5. Actuarial Assumptions (Continued)

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 667,091	\$ (700,827)	\$ (1,705,554)

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

6. Payables to the Pension Plan

At December 31, 2021, the Village reported a payable of \$28,155 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits

Local Retiree Life Insurance Fund

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications.cafr.htm>.

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2021 are:

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are listed below:

Attained Age	Life Insurance Member Contribution Rates For the Year Ended December 31, 2020 Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the year ended December 31, 2021, the LRLIF recognized \$664 in contributions from the employer.

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

At December 31, 2021, the Village reported a liability of \$183,422 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.03334500%, which was an increase of 0.00121800% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized OPEB expense of \$21,984.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 8,753
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,670	-
Changes in Assumptions	71,354	12,585
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	10,691	15,606
Total	\$ 84,715	\$ 36,944

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

Year Ended December 31,	Expense
2022	\$ 9,401
2023	9,113
2024	8,815
2025	7,160
2026	8,100
Thereafter	5,182
Total	\$ 47,771

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

Actuarial assumptions. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single discount rate. A single discount rate of 2.25% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

Sensitivity of the Village's proportionate share of net OPEB liability to changes in the discount rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 2.25%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Village's Proportionate Share of the Net OPEB Liability	\$ 249,506	\$ 183,422	\$ 133,444

Payable to the OPEB Plan

At December 31, 2021, the Village reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended December 31, 2021.

G. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2021, nonspendable fund balance was as follows:

K-9 Fund:	
Nonspendable:	
Inventories and Prepaid Items	<u>\$ 11,244</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2021, restricted fund balance was as follows:

General Fund:	
Restricted for Geographic Information System (GIS)	\$ 10,442
Debt Service Fund:	
Restricted for Debt Retirement	165,661
Parks and Recreation Fund:	
Restricted for Park Development	328,056
Tax Incremental Financial District No. 1:	
Restricted for Project Plan Development	1,524,050
Tax Incremental Financial District No. 2:	
Restricted for Project Plan Development	<u>1,130,438</u>
Total Restricted Fund Balance	<u><u>\$ 3,158,647</u></u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2021, fund balance was assigned as follows:

Capital Projects Funds:	
Assigned for Subsequent Year's Expenditures:	
Capital Improvements	\$ 498,409
Tax Incremental District No. 1:	
Project Plan Development	<u>1,147,756</u>
Subtotal	1,646,165
Special Revenue Fund	
Assigned for Subsequent Year's Expenditures:	
K-9 Program	<u>68,832</u>
Total	<u><u>\$ 1,714,997</u></u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION

A. Tax Incremental Financing Districts

The Village has established separate capital projects funds for Tax Incremental District (TID) #1 and #2, which were created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the Districts were “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village’s Districts are still eligible to incur project costs.

Since creation of the above Districts, the Village has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the Village from any future excess tax increment revenues.

As of December 31, 2021, the Village can recover \$27,444,701 from future excess tax increment revenues of the following:

	Recoverable Costs
TID #1	\$ 20,780,177
TID #2	6,664,524

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID #1	2029
TID #2	2031

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Tax Abatements

The Village has created tax incremental financing districts (the Districts) in accordance with Wisconsin State Statute 66.1105, Tax Increment Law. As part of the project plan for the Districts, the Village entered into agreements with developers for a creation of tax base within the Districts. The agreements require the Village to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2021, the Village abated property taxes totaling \$1,746,141 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A property tax abatement of \$285,012 to a developer for 25.12% within Tax Incremental District #1.
- A property tax abatement of \$244,447 to a developer for 21.54% within Tax Incremental District #1.
- A property tax abatement of \$320,916 to a developer for 52.49% within Tax Incremental District #2.

C. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage. There was no reduction in coverage in the current year, and no losses exceeded insurance coverage in any of the past three years.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Contingencies

From time to time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

E. Subsequent Event

On March 1, 2022, the Village approved the sale of approximately \$8,500,000 general obligation promissory notes for the purpose of capital improvements and refinancing of 2012 bonds.

F. Restatement

During the fiscal year ended December 31, 2021 the Village recorded a prior period adjustment in the governmental activities to record developer loans receivable.

	<u>Governmental Activities</u>
Net Position, January 1, as Previously Reported	\$ (6,564,254)
Prior Period Adjustment Developer Loans	<u>1,872,568</u>
Net Position, January 1, as Restated	<u><u>\$ (4,691,686)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 74,384	\$ 74,384	\$ -	\$ 969,185	7.67%
12/31/16	85,438	85,438	-	1,105,339	7.73%
12/31/17	103,000	103,000	-	1,200,250	8.58%
12/31/18	111,615	111,615	-	1,287,387	8.67%
12/31/19	111,431	111,431	-	1,308,652	8.51%
12/31/20	130,988	130,988	-	1,411,725	9.28%
12/31/21	136,843	136,843	-	1,439,600	9.51%

VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS

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

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

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 759	\$ 759	\$ -	\$ 1,171,000	0.06%
12/31/19	633	633	-	1,308,652	0.05%
12/31/20	689	689	-	1,411,725	0.05%
12/31/21	664	664	-	1,439,600	0.05%

**VILLAGE OF HOBART, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions. No significant change in assumptions were noted from the prior year.

The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Local Retiree Life Insurance Fund

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

Changes of assumptions. The *Single Discount Rate* assumption used to develop total OPEB liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional details.

The Village is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Budget		Actual	Variance	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
Taxes:					
General Property	\$ 1,778,228	\$ 1,778,228	\$ 1,778,616	\$ 388	\$ 1,644,329
Managed Forest Crop Tax	75	75	84	9	60
Use Value Penalty	1,000	1,000	9,966	8,966	1,747
Interest and Taxes	1,500	1,500	3,495	1,995	4,170
Total Taxes	<u>1,780,803</u>	<u>1,780,803</u>	<u>1,792,161</u>	<u>11,358</u>	<u>1,650,306</u>
Intergovernmental:					
Federal:					
Police	-	-	37,544	37,544	22,950
Routes to Recovery	-	-	-	-	135,013
State:					
State Shared Taxes	95,077	95,077	95,077	-	83,002
Fire Insurance Dues	42,000	42,000	45,617	3,617	41,909
Tax Exempt Computer Aid	1,730	1,730	1,730	-	1,730
Transportation	383,496	383,496	382,994	(502)	353,075
Recycling	18,394	18,394	18,633	239	18,394
Local:					
Reimbursements from the Town of Lawrence	487,410	487,410	502,012	14,602	481,541
Total Intergovernmental	<u>1,028,107</u>	<u>1,028,107</u>	<u>1,083,607</u>	<u>55,500</u>	<u>1,137,614</u>
Licenses and Permits:					
Licenses:					
Liquor and Malt Beverage	1,360	1,360	2,220	860	3,270
Operators License	5,100	5,100	6,731	1,631	10,667
Cigarette License	150	150	100	(50)	300
Cable Television Fees	49,000	49,000	43,643	(5,357)	51,391
Dog	3,500	3,500	5,188	1,688	3,809
Permits:					
Quarry	6,000	6,000	5,050	(950)	9,544
Building	74,850	74,850	123,562	48,712	108,125
Park Developer Fees	-	-	-	-	1,200
Park Fee/Building	5,000	5,000	8,446	3,446	15,345
Site Review	750	750	600	(150)	785
Zoning	2,000	2,000	4,725	2,725	3,575
Total Licenses and Permits	<u>147,710</u>	<u>147,710</u>	<u>200,265</u>	<u>52,555</u>	<u>208,011</u>

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Budget		Actual	Variance	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
Fines and Forfeits:					
Court Fines and Penalties	\$ 90,000	\$ 90,000	\$ 84,158	\$ (5,842)	\$ 78,289
Dog License Late Fee	100	100	220	120	280
Total Fines and Forfeits	<u>90,100</u>	<u>90,100</u>	<u>84,378</u>	<u>(5,722)</u>	<u>78,569</u>
Public Charges for Services:					
General Government	4,000	4,000	10,365	6,365	6,755
Garbage Collection	413,389	413,389	414,380	991	399,633
Police Liaison Fees	51,258	51,258	73,102	21,844	46,211
Street Lighting	64,485	64,485	64,527	42	64,555
Fire Calls	500	500	1,250	750	500
Land and Tower Rent Fees	28,200	28,200	24,359	(3,841)	28,225
Total Public Charges for Services	<u>561,832</u>	<u>561,832</u>	<u>587,983</u>	<u>26,151</u>	<u>545,879</u>
Miscellaneous:					
Reimbursements	-	-	6,714	6,714	11,216
Interest	21,000	21,000	1,193	(19,807)	13,285
Other General Government	3,394	3,394	3,396	2	3,236
Total Miscellaneous	<u>24,394</u>	<u>24,394</u>	<u>11,303</u>	<u>(13,091)</u>	<u>27,737</u>
Total Revenues	<u><u>\$ 3,632,946</u></u>	<u><u>\$ 3,632,946</u></u>	<u><u>\$ 3,759,697</u></u>	<u><u>\$ 126,751</u></u>	<u><u>\$ 3,648,116</u></u>

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Budget		Actual	Variance	2020 Actual
	Original	Final		Final Budget - Positive (Negative)	
General Government:					
Village Board	\$ 50,943	\$ 50,943	\$ 55,388	\$ (4,445)	\$ 51,963
Municipal Court	87,107	87,107	87,873	(766)	69,919
Legal	175,000	175,000	136,614	38,386	148,788
Village Administration	61,733	61,733	63,139	(1,406)	63,100
Village Clerk	85,986	85,986	85,102	884	72,200
Economic Development	40,500	40,500	27,077	13,423	33,644
Tribal Affairs	12,000	12,000	11,162	838	12,000
Elections	8,550	8,550	6,320	2,230	28,554
Audit and Other Accounting	6,500	6,500	8,637	(2,137)	7,252
Treasurer	43,473	43,473	47,559	(4,086)	31,060
Property Assessment	35,000	35,000	39,093	(4,093)	35,571
Buildings and Grounds	40,305	40,305	28,307	11,998	40,730
General Office	46,750	46,750	50,139	(3,389)	56,971
Insurance and Bonds	30,710	30,710	51,913	(21,203)	20,466
General Contingency	77,758	77,758	19,689	58,069	79,991
Total General Government	<u>802,315</u>	<u>802,315</u>	<u>718,012</u>	<u>84,303</u>	<u>752,209</u>
Public Safety:					
Police Department	1,450,932	1,450,932	1,482,692	(31,760)	1,409,963
Animal Control	2,500	2,500	2,631	(131)	3,340
Fire Protection	414,034	414,034	415,903	(1,869)	396,582
Rescue Service	90,000	90,000	89,995	5	83,879
Total Public Safety	<u>1,957,466</u>	<u>1,957,466</u>	<u>1,991,221</u>	<u>(33,755)</u>	<u>1,893,764</u>
Public Works:					
Highway Administration	152,748	152,748	116,250	36,498	144,958
Highway Maintenance and Construction	331,678	331,678	309,557	22,121	320,670
Street Lighting	78,000	78,000	81,133	(3,133)	90,363
Garbage Collection	300,000	300,000	280,208	19,792	284,554
Total Public Works	<u>862,426</u>	<u>862,426</u>	<u>787,148</u>	<u>75,278</u>	<u>840,545</u>
Conservation and Development:					
Parks	6,500	6,500	8,963	(2,463)	3,646
Neighborhood Services	102,622	102,622	94,308	8,314	91,445
Planning/Zoning	1,500	1,500	1,325	175	1,050
Total Conservation and Development	<u>110,622</u>	<u>110,622</u>	<u>104,596</u>	<u>6,026</u>	<u>96,141</u>
Total Expenditures	<u>\$ 3,732,829</u>	<u>\$ 3,732,829</u>	<u>\$ 3,600,977</u>	<u>\$ 131,852</u>	<u>\$ 3,582,659</u>

**VILLAGE OF HOBART, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	K-9 Fund	ARPA	Parks and Recreation	Totals	
				2021	2020
ASSETS					
Cash and Investments	\$ 68,927	\$ 311,871	\$ 328,056	\$ 708,854	\$ 78,963
Inventories and Prepaid Items	11,244	-	-	11,244	2,381
Total Assets	\$ 80,171	\$ 311,871	\$ 328,056	\$ 720,098	\$ 81,344
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	\$ 15,473	\$ -	\$ 15,473	\$ 5,039
Special Deposits	95	-	-	95	-
Unearned Revenues	-	296,398	-	296,398	-
Total Liabilities	95	311,871	-	311,966	5,039
Fund Balances:					
Nonspendable for Inventories and Prepaid Items	11,244	-	-	11,244	2,381
Restricted	-	-	328,056	328,056	-
Assigned	68,832	-	-	68,832	73,924
Total Fund Balances	80,076	-	328,056	408,132	76,305
Total Liabilities and Fund Balances	\$ 80,171	\$ 311,871	\$ 328,056	\$ 720,098	\$ 81,344

VILLAGE OF HOBART, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	K-9 Fund	ARPA	Parks and Recreation	Totals	
				2021	2020
REVENUES					
Intergovernmental	\$ -	\$ 254,650	\$ -	\$ 254,650	\$ -
Licenses and Permits	-	-	22,634	22,634	-
Miscellaneous	4,531	141	-	4,672	30,333
Total Revenues	<u>4,531</u>	<u>254,791</u>	<u>22,634</u>	<u>281,956</u>	<u>30,333</u>
EXPENDITURES					
Current:					
Public Safety	760	46,719	-	47,479	45,852
Culture and Recreation	-	-	3,556	3,556	-
Capital Outlay	-	208,072	-	208,072	-
Total Expenditures	<u>760</u>	<u>254,791</u>	<u>3,556</u>	<u>259,107</u>	<u>45,852</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,771	-	19,078	22,849	(15,519)
OTHER FINANCING SOURCES					
Transfers In	-	-	308,978	308,978	-
NET CHANGE IN FUND BALANCES	3,771	-	328,056	331,827	(15,519)
Fund Balances - Beginning of Year	<u>76,305</u>	<u>-</u>	<u>-</u>	<u>76,305</u>	<u>91,824</u>
FUND BALANCES - END OF YEAR	<u>\$ 80,076</u>	<u>\$ -</u>	<u>\$ 328,056</u>	<u>\$ 408,132</u>	<u>\$ 76,305</u>

**VILLAGE OF HOBART, WISCONSIN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 615,953	\$ 615,953	\$ 615,953	\$ -
Excess Stadium District Sales Tax	-	-	90	90
Total Revenues	<u>615,953</u>	<u>615,953</u>	<u>616,043</u>	<u>90</u>
EXPENDITURES				
Debt Service:				
Principal	434,805	434,805	430,000	4,805
Interest and Fiscal Charges	153,648	153,648	157,132	(3,484)
Total Expenditures	<u>588,453</u>	<u>588,453</u>	<u>587,132</u>	<u>1,321</u>
EXCESS OF REVENUES OVER EXPENDITURES	27,500	27,500	28,911	1,411
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	85,000	85,000
Premium on Debt Issued	-	-	2,806	2,806
Payment to Current Bondholder	(27,500)	(27,500)	(115,500)	(88,000)
Total Other Financing Sources (Uses)	<u>(27,500)</u>	<u>(27,500)</u>	<u>(27,694)</u>	<u>(194)</u>
NET CHANGE IN FUND BALANCE	-	-	1,217	1,217
Fund Balance - Beginning of Year	<u>164,444</u>	<u>164,444</u>	<u>164,444</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 164,444</u>	<u>\$ 164,444</u>	<u>\$ 165,661</u>	<u>\$ 1,217</u>

**VILLAGE OF HOBART, WISCONSIN
TAX INCREMENTAL DISTRICT #1 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,245,581	\$ 3,245,581	\$ 2,110,837	\$ (1,134,744)
Intergovernmental	1,435	1,435	1,435	-
Miscellaneous	160,772	160,772	208,532	47,760
Total Revenues	<u>3,407,788</u>	<u>3,407,788</u>	<u>2,320,804</u>	<u>(1,086,984)</u>
EXPENDITURES				
Current:				
General Government	63,338	63,338	47,472	15,866
Conservation and Development	1,626,277	1,626,277	2,541,310	(915,033)
Debt Service:				
Principal	1,057,075	1,057,075	1,491,058	(433,983)
Interest and Fiscal Charges	405,537	405,537	545,301	(139,764)
Capital Outlay	-	-	3,263,898	(3,263,898)
Total Expenditures	<u>3,152,227</u>	<u>3,152,227</u>	<u>7,889,039</u>	<u>(4,736,812)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	255,561	255,561	(5,568,235)	(5,823,796)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	3,425,000	3,425,000
Premium on Debt Issued	-	-	60,515	60,515
Payment to Current Bondholder	(125,000)	(125,000)	(125,000)	-
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>3,360,515</u>	<u>3,485,515</u>
NET CHANGE IN FUND BALANCE	130,561	130,561	(2,207,720)	(2,338,281)
Fund Balance - Beginning of Year	<u>4,879,526</u>	<u>4,879,526</u>	<u>4,879,526</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,010,087</u>	<u>\$ 5,010,087</u>	<u>\$ 2,671,806</u>	<u>\$ (2,338,281)</u>

**VILLAGE OF HOBART, WISCONSIN
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 626,319	\$ 626,319	\$ 626,319	\$ -
Special Assessments	-	-	224,000	224,000
Intergovernmental	50,000	50,000	-	(50,000)
Intergovernmental Charges for Services	53,675	53,675	97,188	43,513
Miscellaneous	-	-	45	45
Total Revenues	<u>729,994</u>	<u>729,994</u>	<u>947,552</u>	<u>217,558</u>
EXPENDITURES				
Capital Outlay	<u>877,637</u>	<u>877,637</u>	<u>979,522</u>	<u>(101,885)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(147,643)	(147,643)	(31,970)	115,673
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	<u>147,643</u>	<u>147,643</u>	<u>-</u>	<u>(147,643)</u>
NET CHANGE IN FUND BALANCE	-	-	(31,970)	(31,970)
Fund Balance - Beginning of Year	<u>530,379</u>	<u>530,379</u>	<u>530,379</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 530,379</u></u>	<u><u>\$ 530,379</u></u>	<u><u>\$ 498,409</u></u>	<u><u>\$ (31,970)</u></u>

**VILLAGE OF HOBART, WISCONSIN
TAX INCREMENTAL DISTRICT #2 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,483,651	\$ 1,483,651	\$ 872,254	\$ (611,397)
Intergovernmental	327	327	327	-
Miscellaneous	2,000	2,000	417	(1,583)
Total Revenues	<u>1,485,978</u>	<u>1,485,978</u>	<u>872,998</u>	<u>(612,980)</u>
EXPENDITURES				
Current:				
General Government	38,338	38,338	28,793	9,545
Conservation and Development	611,396	611,396	-	611,396
Debt Service:				
Principal	316,860	316,860	316,860	-
Interest and Fiscal Charges	209,547	209,547	244,451	(34,904)
Capital Outlay	-	-	603,082	(603,082)
Total Expenditures	<u>1,176,141</u>	<u>1,176,141</u>	<u>1,193,186</u>	<u>(17,045)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	309,837	309,837	(320,188)	(630,025)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	1,620,000	1,620,000
Premium on Debt Issued	-	-	6,950	6,950
Payment to Current Bondholder	-	-	(1,590,000)	(1,590,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>36,950</u>	<u>36,950</u>
NET CHANGE IN FUND BALANCE	309,837	309,837	(283,238)	(593,075)
Fund Balance - Beginning of Year	<u>1,413,676</u>	<u>1,413,676</u>	<u>1,413,676</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,723,513</u>	<u>\$ 1,723,513</u>	<u>\$ 1,130,438</u>	<u>\$ (593,075)</u>

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



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

Village Board
Village of Hobart, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hobart, Wisconsin, (the Village) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated April 18, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Village of Hobart, Wisconsin's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 18, 2022

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

Section I – Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2021-001	Segregation of Duties Repeat finding of 2020-001 Material Weakness in Internal Control over Financial Reporting
Condition	The Village has a combined clerk/treasurer position to essentially complete all financial and recordkeeping duties of the general Village's operations. Accordingly, this does not allow for proper segregation of duties for internal control purposes.
Criteria	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause	The lack of segregation of duties is due to the limited number of employees and the size of the Village's operations
Effect	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation	We recommend the Village Board continue to monitor transactions and the financial records of the Village.
Management Response	The Village has contracted with an experienced governmental finance professional to provide oversight and review of Village transactions and financial records.

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section I – Internal Control Over Financial Reporting (Continued)

Finding No.	Control Deficiencies
2021-002	Adjustments to the Village’s Financial Records Repeat finding of 2020-002 Material Weakness in Internal Control over Financial Reporting
Condition	As part of our audit, we proposed adjusting journal entries to the Villages financial statements.
Criteria	Adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause	While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect	Year-end financial records prepared by the Village may contain misstatements.
Recommendation	We recommend the Village continue reviewing the adjusting, closing and Governmental Accounting Standards Board Statement No. 34 (GASB 34) conversion entries. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the Village is necessary to obtain an adequate understanding of the Village’s financial reports.
Management Response	The Village has contracted with an experienced governmental finance professional to review the adjusting, closing, and GASB 34 conversion entries drafted by CLA. Management has reviewed and approved the financial statements and other information prior to issuance.