

Village of Hobart, Wisconsin
ANNUAL FINANCIAL REPORT

December 31, 2020



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Village of Hobart, Wisconsin

DECEMBER 31, 2020

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Independent auditors' report

To the Village Board
Village of Hobart, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2020, 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.

OTHER MATTERS

Prior-Year Comparative Information

We have previously audited the Village's 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the schedules relating to pensions and other postemployment benefits on pages 62 through 63 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit for the year ended December 31, 2020 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 financial information listed in the table of contents as supplementary information 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended December 31, 2020, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village of Hobart, Wisconsin, as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated June 1, 2020, 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 supplementary information for the year ended December 31, 2019 is presented for purposes of additional analysis and is 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 2019 financial statements. The supplementary information have been subjected to the auditing procedures applied in the audit of the 2019 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 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, 2019.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin
March 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis December 31, 2020

Generally 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, 2020 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, 2020, 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, 2020 present fairly, in all material respects, the respective financial position of the government in conformity with GAAP. The independent auditor's report is presented on pages 1-3 of this report.

Profile of the Government

The Village of Hobart is in northeast Wisconsin in Brown County, adjacent to the Austin Straubel International Airport approximately 120 miles northwest of the City of Milwaukee, bordering the western border of the City of Green Bay, and 30 miles northeast of the City of Appleton. The Village encompasses approximately 33 square miles. The Town of Hobart was incorporated as the Village of Hobart on May 13, 2002. With a 2020 Wisconsin Department of Administration population estimate of 10,454. This is an 8.9% increase over 2019, and a 12.8% increase over 2018. The growth was the result of a total of 177 new housing units added within the Village during 2019. The population of Hobart has increased 69.1% since the 2010 Federal Census report of 6,182, and 105.4% since the 2000 Federal Census report of 5,090. The population and square mile statistics combine to produce a population density of 317 persons per square mile. This indicates ample land for future growth and orderly development. The Village of Hobart is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board.

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

The Village provides a full range of municipal services contemplated by statute or character, including public safety, streets, sanitation, parks/recreation/culture, public improvements, building safety and code compliance, neighborhood services, planning and zoning, water, sewer and storm water systems, and general administrative services. Public safety is provided with two fire stations and 28 volunteer firefighters, and a police department with 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 DePere School District serve the Village and provides a comprehensive program for students in kindergarten through the twelfth grade. Higher education is provided by the University of Wisconsin-Green Bay and Northeast Wisconsin Technical College, both located in Green Bay, and St. Norbert College, located in DePere, Wisconsin.

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

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

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

Overview of the Basic Financial Statements

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

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

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

The *statement of activities* presents information showing how the Village's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements can be found on pages 17 - 19 of this report.

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

The Village has adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits.

Required supplementary information found on pages 62-64 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 six 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. In 2016, the Village implemented a K-9 program, and this nonmajor fund accounts for all financial activity relating to the K-9 program.

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 20 - 26 of this report.

Supplementary information found on pages 65 - 72 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 27 - 30 of this report.

Fiduciary funds. In 2019, 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 31 - 32 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 33 – 61 of this report.

Other information. Supplementary schedules can be found on pages 62 - 72.

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. 2020 initiatives were: WIS 29/CTH VV interchange construction, develop a 10-year capital road plan, and the creation of a park and recreation committee to address long-term informational needs.

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 2020 population of 10,454 and a 2020 equalized valuation of \$1,056,501,600 which is a 9% increase over 2019 and follows an 8% increase from 2018 to 2019. This is the first time the Village has had a tax base exceeding \$1 billion in equalized value. The equalized valuation has grown by 71.64% since 2010 and 216.65% since 2000. Between 2020 and 2019, 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 2020. 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 2020, 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 2020, Hobart experienced 40 new single-family housing starts with a total residential permit valuation equaling \$13,671,888.

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 \$278,586,000 in equalized incremental value. TID 1 had \$197,965,900 in equalized incremental value upon updated assessments as of January 1, 2020, and TID 2 had \$80,620,100 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. The TID also saw the opening of its first restaurant, a \$3 million development, and options for the development of a dental clinic and a sub sandwich restaurant. The development of the Wyld Berry Condominiums, the first of its kind in the TID, continued with the construction of five (5) more condominium units. Ground was broken on The Workshop, a basketball training complex, valued at slightly less than \$1 million. The TID also contributed to the development of the Blackberry Ridge, a 30-lot single family home subdivision.

In late December, 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 on the Interchange will commence in 2021. The Village will contribute \$3.2 million to the project, in addition to local road and utility improvements, which were started in late 2020.

In TID 2, a development agreement was executed with Integrity Trucking LLC to develop 14 acres into a \$6 million trucking/shipping complex. The first phase of the construction was completed in 2020, with an option to develop another three (3) acres in 2021 or 2022 agreed to late in 2020. 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 Village adopted GASB Statement No. 77, Tax Abatement Disclosures 2016. 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, 2020, the Village abated property taxes totaling \$1,341,137 under this program. Note 4(B) on page 60 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 2020 was 4.0 percent. The state's non-seasonal adjusted December unemployment rate was 5.5 percent, with an identical U.S. non-seasonal unemployment rate of 6.7 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, 2020 by \$16,798,869 (*net position*). Of this amount, (\$13,426,592) (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 net position decreased by \$656,774 due primarily to Tax Increment Districts developer projects financed by debt proceeds, to be recovered from future tax increments;
- As of December 31, 2020, the Village's governmental funds reported combined ending fund balances of \$8,744,383, an increase of \$3,794,871 in comparison with the prior year. The increase resulted from additional fund balance for financing future Tax Increment Districts capital projects. Approximately, 3.6%, \$313,660 is restricted for park development and memorial brick/trees. Approximately, 1.9%, \$164,444 is restricted for tax levy supported debt relief. Approximately, 58.8%, \$5,145,446 is restricted for capital projects in tax incremental districts. Approximately, 20%, \$1,752,059 is assigned for development, capital projects, and K-9 program. Approximately 15.6%, \$1,366,393 is unassigned and *available for spending* at the Village's discretion;
- As of December 31, 2020, the unassigned general fund balance of \$1,366,393 was approximately 38.1% of total general fund expenditures;
- The Village's total debt increased by \$7,625,890 during 2020. On July 14, 2020, \$2,965,000 general obligation corporate purpose bonds were issued to finance street improvement projects, sewerage projects consisting of storm sewer improvements, and project costs of the Village's Tax Incremental Districts No. 1 and 2. Also, on July 14, 2020, \$1,190,000 taxable general obligation promissory notes were issued 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. On September 23, 2020, \$5,818,310 land contract was issued for the purchase of land for Tax Incremental District No. 1 land resale development. On September 29, 2020, \$1,001,158 notes payable – GBMSD were issued for the purchase of capacity in the Dutchman Creek Interceptor Sewer. In 2020, \$3,348,578 was paid on outstanding principal debt.
- The Village's 2020 long-term debt credit rating issued by Standard and Poor's was AA with a stable outlook.
- On March 31, 2015, the Green Bay/Brown County Professional Football Stadium District Board completed the certifications necessary to end the football stadium district sales tax on September 30, 2015. Wisconsin Statutes 2015 Act 114 provided a mechanism for football stadium district sales taxes collected or imposed between April 1, 2015 and September 30, 2015 to be paid back to Brown County and municipalities within the County.

Act 114 specifies this payment must be used only for the purpose of tax relief, tax levy supported debt relief, or economic development. On February 4, 2016, the Village Board passed a resolution which specified the use of Acct 114 funds for tax levy supported debt relief. To date, the Village of Hobart's portion of the sales taxes collected or imposed was \$444,981. 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, and \$743 was received in 2020.

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 \$16,798,869 at the close of 2020.

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	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 17,221	\$ 16,015	\$ 2,685	\$ 2,710	\$ 19,906	\$ 18,725
Land held for resale	3,718	-	-	-	3,718	-
Net pension asset	293	-	51	-	344	-
Capital assets	17,930	16,882	27,038	23,914	44,968	40,796
Total Assets	39,162	32,897	29,774	26,624	68,936	59,521
Deferred Outflows of Resources						
Related to pension	693	817	118	157	811	974
Related to other postemployment	53	19	9	4	62	23
Total Deferred Outflows of Resources	746	836	127	161	873	997
Liabilities						
Long-term liabilities outstanding	34,553	27,429	5,717	5,155	40,270	32,584
Net pension liability	-	299	-	59	-	358
Other postemployment benefits	116	85	20	17	136	102
Other liabilities	2,108	786	641	467	2,749	1,253
Total Liabilities	36,777	28,599	6,378	5,698	43,155	34,297
Deferred Inflows of Resources						
Property taxes	8,780	8,235	-	-	8,780	8,235
Related to Pension	881	420	154	83	1,035	503
Related to other postemployment	34	23	6	4	40	27
Total Deferred Inflows of Resources	9,695	8,678	160	87	9,855	8,765
Net Position						
Net investment in capital assets	6,696	9,260	21,039	18,571	27,735	27,831
Restricted	2,440	296	51	-	2,491	296
Unrestricted	(15,700)	(13,100)	2,273	2,429	(13,427)	(10,671)
Total Net Position	\$ (6,564)	\$ (3,544)	\$ 23,363	\$ 21,000	\$ 16,799	\$ 17,456

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, 2020, 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 (\$6,564,254). The change in net position during 2020 was a decrease of \$3,020,189 due to expenditures relating to development projects in Tax Increment Districts. Total general revenues and transfers of \$4,204,245 less \$7,224,434 governmental activities resulted in the net position decrease.

Net position of the water utility enterprise fund at the end of the year amounted to \$11,323,249. The change in net position during 2020 was an increase of \$1,220,545. Operating income of \$16,619, nonoperating revenue of \$1,547, and capital contributions of \$1,349,373, were more than nonoperating expenses of \$78,221 and transfers out of \$68,773 resulting in the net position increase. The 2020 operating income of \$16,619 resulted from operating revenues of \$1,058,161 exceeding operating expenditures of \$1,041,542 and the operating income was consistent with the prior year. The 2020 capital contributions of \$1,349,373 reflects a tax increment district no. 1 contribution for various projects.

Net position of the sewer utility enterprise fund at the end of the year amounted to \$6,523,393. The change in net position during 2020 was an increase of \$423,973. Operating income of \$283,355 nonoperating revenue of \$452, and capital contributions of \$266,953 were more than nonoperating expenses of \$86,787 and transfers out of \$40,000 resulting in the net position increase. The 2020 operating income of \$283,355 resulted from operating revenues of \$1,597,886 exceeding operating expenditures of \$1,314,531 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 \$5,516,481. The change in net position during 2020 was an increase of \$718,897. Operating income of \$189,642, nonoperating revenues of \$4,332 and capital contributions of \$642,301, were more than nonoperating expenses of \$985 and transfers out of \$116,393 resulted in the net position increase. The 2020 operating income of \$189,642 resulted from operating revenues of \$518,671 exceeding operating expenditures of \$329,029 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	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for services	\$ 1,263	\$ 1,413	\$ 3,161	\$ 2,981	\$ 4,424	\$ 4,394
Operating grants and contributions	446	451	-	-	446	451
Capital grants and contributions	288	-	-	32	288	32
General Revenues						
Property taxes	5,881	5,410	-	-	5,881	5,410
Other taxes	58	79	-	-	58	79
Grants and contributions not restricted to specific programs	222	84	-	-	222	84
Gain or (Loss) on sale of assets		37	-	-	-	37
Other	76	179	19	33	95	212
Total Revenues	8,234	7,653	3,180	3,046	11,414	10,699
Expenses						
General government	928	835	-	-	928	835
Public safety	2,189	2,180	-	-	2,189	2,180
Public works	2,224	1,154	-	-	2,224	1,154
Health and human services	3	4	-	-	3	4
Culture and recreation	5	11	-	-	5	11
Conservation and development	3,072	2,907	-	-	3,072	2,907
Interest on long-term debt	800	667	-	-	800	667
Water utility	-	-	1,120	1,003	1,120	1,003
Sewer utility	-	-	1,401	1,254	1,401	1,254
Storm Water utility	-	-	329	272	329	272
Total Expenses	9,221	7,758	2,850	2,529	12,071	10,287
Change in Net Position Before Transfers	(987)	(105)	330	517	(657)	412
Transfers	(2,033)	(1,577)	2,033	1,577	-	-
Change in Net Position	(3,020)	(1,682)	2,363	2,094	(657)	412
Net Position - January 1	(3,544)	(1,862)	21,000	18,906	17,456	17,044
Net Position - December 31	\$ (6,564)	\$ (3,544)	\$ 23,363	\$ 21,000	\$ 16,799	\$ 17,456

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, 2020, the Village's governmental funds reported combined ending fund balances of \$8,744,383, an increase of \$3,794,871 in comparison with the prior year. The increase resulted from additional fund balance for financing future Tax Increment Districts capital projects. Approximately 15.6% of this amount (\$1,366,393) constitutes *unassigned fund balance*, which is available for spending at the Village's discretion. The remainder of fund balance is not available for new spending because it has already been committed for the following: restricted for park development and memorial brick/trees (\$313,660), restricted for tax levy supported debt relief (\$164,444), restricted for tax incremental districts capital projects (\$5,145,446), and assigned for development capital projects (\$1,678,135) and the K-9 program (\$73,924).

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 \$1,366,393. 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 38.1% of total general fund expenditures.

The fund balance of the Village's general fund on December 31, 2020 was \$1,680,053 a \$19,723 change from the December 31, 2019 general fund balance. The \$19,723 change in fund balance resulted from 2020 revenues of \$3,648,116 and transfer in of \$108,773 exceeding 2020 expenditures of \$3,582,659 and transfers out of \$154,507. The general fund balance is comprised of the unassigned fund balance of \$1,366,393 discussed in the previous paragraph and \$313,660 restricted for park development and memorial bricks and trees.

The debt service fund has a total fund balance of \$164,444 which represents proceeds available for tax levy supported debt relief.

The capital projects fund has a total fund balance of \$530,379 which represents unspent revenues and transfers in being carried over for financing future capital projects.

Tax increment finance (TIF) district #1 fund balance \$4,879,526 and TIF district #2 fund balance \$1,413,676 represents unspent debt proceeds 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 \$76,305 which represents unspent donations for future program needs.

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 \$11,323,249. The change in net position during 2020 was an increase of \$1,220,545. Operating income of \$16,619, nonoperating revenues of \$1,547, and capital contributions of \$1,349,373, were more than nonoperating expenses of \$78,221 and transfers out of \$68,773 resulting in the net position increase. The 2020 operating income of \$16,619 resulted from operating revenues of \$1,058,161 exceeding operating expenditures of \$1,041,542 and the operating income was consistent with the prior year. The 2020 capital contributions of \$1,349,373 reflects a tax increment district no. 1 contribution for various projects.

Net position of the sewer utility enterprise fund at the end of the year amounted to \$6,523,393. The change in net position during 2020 was an increase of \$423,973. Operating income of \$283,355 nonoperating revenues of \$452 and capital contributions of \$266,953 were more than nonoperating expenses of \$86,787 and transfers out of \$40,000 resulting in the net position increase. The 2020 operating income of \$283,355 resulted from operating revenues of \$1,597,886 exceeding operating expenditures of \$1,314,531 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 \$5,516,481. The change in net position during 2020 was an increase of \$718,897. Operating income of \$189,642, nonoperating revenues of \$4,332 and capital contributions of \$642,301, were more than nonoperating expenses of \$985 and transfers out of \$116,393 resulted in the net position increase. The 2020 operating income of \$189,642 resulted from operating revenues of \$518,671 exceeding operating expenditures of \$329,029 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. In 2019, 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 on October 6, 2020 approved an amendment to the 2020 original adopted General Fund Budget decreasing revenues by \$30 and increasing expenditures by \$45,202. At the time of the amendment, the amended budget contains a \$45,232 deficit due to a transfer of \$154,507 to the Capital Fund Reserve Account to allocate excess funds in the General Fund Reserve due to a budget surplus in the Fiscal Year 2019 General Fund budget. Without the transfer, the 2020 General Fund Amended Budget would have a \$109,275 surplus.

The Village Board approved a final amendment to the 2020 General Fund Budget effective December 31, 2020 to allocate a portion of the 2020 General Fund surplus to the Capital Projects and Debt Service Funds. The December 31, 2020 General Fund surplus prior to the final amendment was \$119,127 and the final amendment allocated \$95,000 to the Capital Project Fund and \$5,000 to the Debt Service Fund. Following the final amendment the December 31, 2020 General Fund surplus was \$19,723. Actual year-end revenues of \$3,648,116 and transfers in of \$108,773 exceeded actual year-end expenditures of \$3,582,659 and transfers out of \$154,507 resulting in a positive variance of \$19,723.

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, 2020 amounts to \$44,967,904 (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 \$4,172,517.

Village of Hobart's Capital Assets						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,737,926	\$ 4,737,926	\$ 623,363	\$ 623,363	\$ 5,361,289	\$ 5,361,289
Land improvements	970,507	893,831	-	-	970,507	893,831
Buildings and improvements	1,127,224	1,127,224	31,737,369	28,117,306	32,864,593	29,244,530
Machinery and equipment	2,890,727	2,581,010	4,821,988	4,581,161	7,712,715	7,162,171
Infrastructure	12,348,383	11,656,172	-	-	12,348,383	11,656,172
Construction in progress	617,437	81,731	30,811	8,292	648,248	90,023
Less accumulated depreciation	(4,762,721)	(4,195,982)	(10,175,110)	(9,416,647)	(14,937,831)	(13,612,629)
Total	\$ 17,929,483	\$ 16,881,912	\$ 27,038,421	\$ 23,913,475	\$ 44,967,904	\$ 40,795,387

During 2020, land improvements increased \$76,676 for governmental activities, buildings and improvements capital assets increased \$3,620,063 for business-type activities, machinery and equipment assets increased \$309,717 for governmental activities and \$240,827 for business-type activities, infrastructure increased \$692,211 for governmental activities, and construction in progress increased \$535,706 for governmental activities and \$22,519 for business-type activities.

In 2020, Capital Asset increases are in relation to the completion of construction for a water tower; 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 new Copy Machine for Village Hall, Ballot Tabulator for elections, 3 Police Interceptor vehicles and 1 K-9 vehicle, Drone with Broadcast System for Public Safety, 3 DPW vehicles, and a riding lawnmower.

An increase of \$1,325,202 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 43 - 44 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 \$39,886,624. Of this amount, \$29,520,124 comprises debt backed by the full faith and credit of the government, \$2,615,000 in revenue bonds for a new water tower, \$5,818,310 for a tax increment district land contract, and \$1,933,190 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	
	2020	2019	2020	2019	2020	2019
General obligation debt						
Bonds	\$ 16,435,500	\$ 15,668,000	\$ 3,124,500	\$ 3,277,000	\$ 19,560,000	\$ 18,945,000
Notes	7,960,000	7,320,000	-	-	7,960,000	7,320,000
Direct Borrowings	1,340,454	1,402,097	659,670	712,176	2,000,124	2,114,273
Total general obligation deb	25,735,954	24,390,097	3,784,170	3,989,176	29,520,124	28,379,273
Revenue Bonds	2,615,000	2,715,000	-	-	2,615,000	2,715,000
Land Contract	5,818,310	-	-	-	5,818,310	-
Notes payable -						
Green Bay MSD	-	-	1,933,190	1,166,461	1,933,190	1,166,461
Debt Premium	382,834	324,031	-	-	382,834	324,031
Total	\$ 34,552,098	\$ 27,429,128	\$ 5,717,360	\$ 5,155,637	\$ 40,269,458	\$ 32,584,765

During 2020 the Village's total debt increased by \$7,684,693. On July 14, 2020, \$2,965,000 general obligation corporate purpose bonds were issued to finance street improvement projects, sewerage projects consisting of storm sewer improvements, and project costs of the Village's Tax Incremental Districts No. 1 and 2. The bonds have interest rates ranging from 1.00% to 2.00% in 2025 thru 2035. Also, on July 14, 2020, \$1,190,000 taxable general obligation promissory notes were issued to fund developer incentives related to Tax Incremental 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 1.25% to 1.45% in 2021 to 2029. On September 23, 2020, \$5,818,310 land contract was issued for the purchase of land for Tax Incremental District No. 1 land resale development. The 10-year contract has a fixed interest rate of 1.0% with final maturity on September 23, 2030. On September 29, 2020, \$1,001,158 notes payable – GBMSD was issued for the purchase of capacity in the Dutchman Creek Interceptor Sewer. The 20-year notes payable has a fixed interest of 3.20% with final maturity on March 1, 2040. The Village had the following 2020 principal debt retirement: \$2,072,500 in governmental activity general obligation bonds debt, \$277,500 in business-type activity general obligation bonds debt, \$550,000 in governmental activity general obligation notes debt, \$61,643 in governmental activity general obligation direct borrowings debt, \$52,506 in business-type activity general obligation direct borrowings debt, \$100,000 in governmental activity revenue bonds debt, and \$234,429 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 \$52,825,080, which is significantly more than the Village's \$29,520,124 net outstanding general obligation debt applicable to the limit. The total net outstanding general obligation debt applicable to the debt limit is 44.12% which meets the percentage requirement of the Debt Management Policy adopted by the Village Board.

The Village's 2020 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 45 - 49 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 2020 fiscal year budget.

- The unemployment rate for the Village of Hobart is currently 4.0 percent;
- Taxable assessed value for the Village increased by 4.27 percent;
- The projected mill rate of \$4.42 remained the same mill rate as 2019;
- No proposed major changes in programming and personnel, other than the creation of a Sergeant's position in the Police Department;
- No increase in garbage and recycling fees;
- A one-time 50 percent reduction in certain beverage and cigarette fees;
- A 10 percent reduction in storm water fees to be reflected on the 2021 tax bills;
- A General Fund contingency balance of \$77,758, to "weather" any unforeseen issues in 2021;
- A Capital Projects contingency of \$17,000, the first time a contingency has been added to this fund to account for possible unanticipated costs in 2021.

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, 2020

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Totals	
			2020	2019
ASSETS				
Cash and investments	\$ 7,883,345	\$ 2,012,520	\$ 9,895,865	\$ 8,659,954
Receivables				
Taxes and special charges	7,720,813	-	7,720,813	7,061,204
Delinquent taxes	12,546	-	12,546	13,474
Accounts	32,853	546,907	579,760	568,227
Special assessments	-	125,269	125,269	125,931
Loans	150,000	-	150,000	150,000
Due from other governments	-	-	-	31,751
Inventories and prepaid items	2,381	-	2,381	-
Assets held for resale	1,419,400	-	1,419,400	2,114,800
Land held for resale	3,718,310	-	3,718,310	-
Net pension asset	292,534	51,007	343,541	-
Capital assets, nondepreciable	5,355,363	654,174	6,009,537	5,451,312
Capital assets, depreciable	12,574,120	26,384,247	38,958,367	35,344,075
Total assets	39,161,665	29,774,124	68,935,789	59,520,728
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	\$ 692,824	\$ 118,040	\$ 810,864	\$ 973,714
Other postemployment related amounts	53,068	9,252	62,320	23,417
Total deferred outflows of resources	745,892	127,292	873,184	997,131
LIABILITIES				
Accounts payable	1,726,147	574,264	2,300,411	823,103
Accrued and other current liabilities	105,209	7,001	112,210	111,132
Accrued interest payable	274,487	59,742	334,229	313,590
Special deposits	2,072	-	2,072	5,048
Long-term obligations				
Due within one year	2,390,418	641,903	3,032,321	2,463,577
Due in more than one year	32,161,680	5,075,457	37,237,137	30,121,188
Net pension liability	-	-	-	358,024
Other postemployment benefits	116,491	20,312	136,803	101,829
Total liabilities	36,776,504	6,378,679	43,155,183	34,297,491
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	8,779,890	-	8,779,890	8,234,680
Pension related amounts	881,486	153,697	1,035,183	502,807
Other postemployment related amounts	33,931	5,917	39,848	27,238
Total deferred inflows of resources	9,695,307	159,614	9,854,921	8,764,725
NET POSITION				
Net investment in capital assets	6,695,728	21,038,718	27,734,446	27,830,910
Restricted	2,440,008	51,007	2,491,015	295,778
Unrestricted	(15,699,990)	2,273,398	(13,426,592)	(10,671,045)
Total net position	\$ (6,564,254)	\$ 23,363,123	\$ 16,798,869	\$ 17,455,643

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

Village of Hobart, Wisconsin

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 927,751	\$ 173,140	\$ -	\$ -
Public safety	2,188,458	606,541	74,388	175,989
Public works	2,224,441	464,188	371,469	112,000
Health and human services	3,340	-	-	-
Culture and recreation	5,143	18,740	-	-
Conservation and development	3,071,540	-	-	-
Interest and fiscal charges	800,216	-	-	-
Total governmental activities	9,220,889	1,262,609	445,857	287,989
BUSINESS-TYPE ACTIVITIES				
Water utility	1,119,763	1,058,161	-	-
Sewer utility	1,401,318	1,597,886	-	-
Storm water utility	328,817	518,671	-	-
Total business-type activities	2,849,898	3,174,718	-	-
Total	\$ 12,070,787	\$ 4,437,327	\$ 445,857	\$ 287,989

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

Gain on sale of asset

Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

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

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Totals	
		2020	2019
\$ (754,611)	\$ -	\$ (754,611)	\$ (623,879)
(1,331,540)	-	(1,331,540)	(1,398,062)
(1,276,784)	-	(1,276,784)	(375,522)
(3,340)	-	(3,340)	(3,630)
13,597	-	13,597	80,537
(3,071,540)	-	(3,071,540)	(2,906,683)
(800,216)	-	(800,216)	(666,924)
<u>(7,224,434)</u>	<u>-</u>	<u>(7,224,434)</u>	<u>(5,894,163)</u>
-	(61,602)	(61,602)	(32,128)
-	196,568	196,568	249,305
-	189,854	189,854	266,862
<u>-</u>	<u>324,820</u>	<u>324,820</u>	<u>484,039</u>
<u>(7,224,434)</u>	<u>324,820</u>	<u>(6,899,614)</u>	<u>(5,410,124)</u>
1,643,401	-	1,643,401	1,626,080
614,598	-	614,598	605,411
3,623,401	-	3,623,401	3,178,560
743	-	743	3,122
57,368	-	57,368	75,708
221,507	-	221,507	84,012
29,236	1,999	31,235	107,392
47,452	3,135	50,587	103,938
-	-	-	37,117
<u>(2,033,461)</u>	<u>2,033,461</u>	<u>-</u>	<u>-</u>
<u>4,204,245</u>	<u>2,038,595</u>	<u>6,242,840</u>	<u>5,821,340</u>
(3,020,189)	2,363,415	(656,774)	411,216
<u>(3,544,065)</u>	<u>20,999,708</u>	<u>17,455,643</u>	<u>17,044,427</u>
<u>\$ (6,564,254)</u>	<u>\$ 23,363,123</u>	<u>\$ 16,798,869</u>	<u>\$ 17,455,643</u>

Village of Hobart, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019**

	General	Debt Service	Capital Projects	Tax Incremental District #1
ASSETS				
Cash and investments	\$ 2,202,466	\$ 242,305	\$ 1,299,586	\$ 2,149,554
Receivables				
Taxes and special charges	2,504,157	538,092	547,147	2,835,312
Delinquent taxes	12,546	-	-	-
Accounts	32,853	-	-	-
Loans	-	-	-	150,000
Inventories and prepaid items	-	-	-	-
Land held for resale	-	-	-	3,718,310
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,752,022</u>	<u>\$ 780,397</u>	<u>\$ 1,846,733</u>	<u>\$ 8,853,176</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 143,755	\$ -	\$ 690,035	\$ 578,069
Accrued and other current liabilities	105,209	-	-	-
Special deposits	2,072	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>251,036</u>	<u>-</u>	<u>690,035</u>	<u>578,069</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	2,808,386	615,953	626,319	3,245,581
Loans receivable	-	-	-	150,000
Delinquent taxes and assessments	12,547	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>2,820,933</u>	<u>615,953</u>	<u>626,319</u>	<u>3,395,581</u>
Fund balances				
Nonspendable for inventories and prepaid items	-	-	-	-
Restricted	313,660	164,444	-	3,731,770
Assigned	-	-	530,379	1,147,756
Unassigned	1,366,393	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,680,053</u>	<u>164,444</u>	<u>530,379</u>	<u>4,879,526</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,752,022</u>	<u>\$ 780,397</u>	<u>\$ 1,846,733</u>	<u>\$ 8,853,176</u>

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

Tax Incremental District #2	Non-Major K-9 Fund	Totals	
		2020	2019
\$ 1,910,471	\$ 78,963	\$ 7,883,345	\$ 6,636,304
1,296,105	-	7,720,813	7,061,204
-	-	12,546	13,474
-	-	32,853	39,163
-	-	150,000	150,000
-	2,381	2,381	-
-	-	3,718,310	-
<u>\$ 3,206,576</u>	<u>\$ 81,344</u>	<u>\$ 19,520,248</u>	<u>\$ 13,900,145</u>
\$ 309,249	\$ 5,039	\$ 1,726,147	\$ 437,255
-	-	105,209	97,706
-	-	2,072	5,048
<u>309,249</u>	<u>5,039</u>	<u>1,833,428</u>	<u>540,009</u>
1,483,651	-	8,779,890	8,234,680
-	-	150,000	150,000
-	-	12,547	25,944
<u>1,483,651</u>	<u>-</u>	<u>8,942,437</u>	<u>8,410,624</u>
-	2,381	2,381	-
1,413,676	-	5,623,550	1,845,668
-	73,924	1,752,059	1,739,292
-	-	1,366,393	1,364,552
<u>1,413,676</u>	<u>76,305</u>	<u>8,744,383</u>	<u>4,949,512</u>
<u>\$ 3,206,576</u>	<u>\$ 81,344</u>	<u>\$ 19,520,248</u>	<u>\$ 13,900,145</u>

Village of Hobart, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019

	2020	2019
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 8,744,383	\$ 4,949,512
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.	17,929,483	16,881,912
Land held for resale in governmental activities is not a current financial resource and therefore are not reported in the funds.	1,419,400	2,114,800
Long-term asset are not considered available; therefore, are not reported in the funds:		
Net pension asset	292,534	-
Delinquent taxes and special assessments	12,547	25,944
Loan receivable	150,000	150,000
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	692,824	816,734
Deferred inflows related to pensions	(881,486)	(420,186)
Deferred outflows related to other postemployment benefits	53,068	19,568
Deferred inflows related to other postemployment benefits	(33,931)	(22,762)
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	(34,552,098)	(27,429,128)
Other postemployment benefit	(116,491)	(85,097)
Net pension liability	-	(299,194)
Accrued interest on long-term obligations	(274,487)	(246,168)
Net position of governmental activities as reported on the statement of net position (see page 17)	\$ (6,564,254)	\$ (3,544,065)

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

Village of Hobart, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Debt Service	Capital Projects	Tax Incremental District #1
REVENUES				
Taxes	\$ 1,650,306	\$ 614,598	\$ 735,723	\$ 2,006,179
Excess Stadium District sales tax	-	743	-	-
Special assessments and charges	-	-	112,000	-
Intergovernmental	1,137,614	-	-	1,435
Licenses and permits	208,011	-	-	-
Fines and forfeits	78,569	-	-	-
Public charges for services	545,879	-	-	-
Intergovernmental charges for services	-	-	148,385	-
Miscellaneous	27,737	-	128	143,052
Total revenues	<u>3,648,116</u>	<u>615,341</u>	<u>996,236</u>	<u>2,150,666</u>
EXPENDITURES				
Current				
General government	752,209	-	-	54,767
Public safety	1,893,764	-	-	-
Public works	840,545	-	-	-
Conservation and development	96,141	-	-	494,865
Debt service				
Principal	-	447,500	-	2,028,948
Interest and fiscal charges	-	165,098	12,717	521,307
Capital outlay	-	-	1,649,256	3,868,083
Total expenditures	<u>3,582,659</u>	<u>612,598</u>	<u>1,661,973</u>	<u>6,967,970</u>
Excess of revenues over (under) expenditures	<u>65,457</u>	<u>2,743</u>	<u>(665,737)</u>	<u>(4,817,304)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	385,000	7,628,310
Premium on debt issued	-	-	3,704	12,254
Proceeds from sale of capital assets	-	-	36,800	-
Transfers in	108,773	-	270,900	-
Transfers out	(154,507)	-	-	-
Total other financing sources (uses)	<u>(45,734)</u>	<u>-</u>	<u>696,404</u>	<u>7,640,564</u>
Net change in fund balances	<u>19,723</u>	<u>2,743</u>	<u>30,667</u>	<u>2,823,260</u>
Fund balances - January 1	<u>1,660,330</u>	<u>161,701</u>	<u>499,712</u>	<u>2,056,266</u>
Fund balances - December 31	<u>\$ 1,680,053</u>	<u>\$ 164,444</u>	<u>\$ 530,379</u>	<u>\$ 4,879,526</u>

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

Tax Incremental District #2	Non-Major K-9 Fund	Totals	
		2020	2019
\$ 881,499	\$ -	\$ 5,888,305	\$ 5,427,906
-	-	743	3,122
-	-	112,000	1,461
327	-	1,139,376	987,874
-	-	208,011	323,509
-	-	78,569	90,422
-	-	545,879	548,174
-	-	148,385	47,330
13,113	30,333	214,363	306,928
<u>894,939</u>	<u>30,333</u>	<u>8,335,631</u>	<u>7,736,726</u>
47,170	-	854,146	847,717
-	45,852	1,939,616	1,703,912
-	-	840,545	845,705
-	-	591,006	721,150
307,695	-	2,784,143	1,582,189
234,039	-	933,161	848,696
1,285,206	-	6,802,545	3,321,660
<u>1,874,110</u>	<u>45,852</u>	<u>14,745,162</u>	<u>9,871,029</u>
<u>(979,171)</u>	<u>(15,519)</u>	<u>(6,409,531)</u>	<u>(2,134,303)</u>
1,835,000	-	9,848,310	-
78,168	-	94,126	-
-	-	36,800	-
-	-	379,673	99,883
-	-	(154,507)	-
<u>1,913,168</u>	<u>-</u>	<u>10,204,402</u>	<u>99,883</u>
933,997	(15,519)	3,794,871	(2,034,420)
479,679	91,824	4,949,512	6,983,932
<u>\$ 1,413,676</u>	<u>\$ 76,305</u>	<u>\$ 8,744,383</u>	<u>\$ 4,949,512</u>

Village of Hobart, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 3,794,871	\$ (2,034,420)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	1,733,409	989,370
Depreciation expense reported in the statement of activities	(685,838)	(621,422)
Net book value of disposals	-	(21,581)
Loss on sale of land held for resale	(695,400)	(817,160)
Change in estimate for assets held for resale	-	(718,260)
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.	(13,397)	262
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(9,848,310)	-
Premium on debt issued	(94,126)	-
Principal repaid	2,784,143	1,582,189
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(28,319)	36,818
Amortization of premiums, discounts and loss on advance refunding	35,323	34,103
Net pension asset	292,534	(216,078)
Net pension liability	299,194	(299,194)
Deferred outflows of resources related to pensions	(123,910)	404,130
Deferred inflows of resources related to pensions	(461,300)	11,018
Other postemployment benefits	(31,394)	8,799
Deferred outflows of resources related to other postemployment benefits	33,500	855
Deferred inflows of resources related to other postemployment benefits	(11,169)	(21,438)
Change in net position of governmental activities as reported in the statement of activities (see pages 18 - 19)	<u>\$ (3,020,189)</u>	<u>\$ (1,682,009)</u>

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

Village of Hobart, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
REVENUES					
Taxes	\$ 1,749,467	\$ 1,650,306	\$ 1,650,306	\$ -	\$ 1,643,935
Special assessments	-	-	-	-	1,461
Intergovernmental	985,791	1,137,614	1,137,614	-	977,494
Licenses and permits	168,960	207,411	208,011	600	323,509
Fines and forfeits	80,200	78,569	78,569	-	90,422
Public charges for services	543,001	545,879	545,879	-	548,174
Miscellaneous	28,221	27,737	27,737	-	62,458
Total revenues	<u>3,555,640</u>	<u>3,647,516</u>	<u>3,648,116</u>	<u>600</u>	<u>3,647,453</u>
EXPENDITURES					
Current					
General government	800,816	752,209	752,209	-	737,823
Public safety	1,872,066	1,893,764	1,893,764	-	1,703,158
Public works	853,642	840,545	840,545	-	845,705
Conservation and development	110,171	96,141	96,141	-	109,089
Total expenditures	<u>3,636,695</u>	<u>3,582,659</u>	<u>3,582,659</u>	<u>-</u>	<u>3,395,775</u>
Excess of revenues over (under) expenditures	<u>(81,055)</u>	<u>64,857</u>	<u>65,457</u>	<u>600</u>	<u>251,678</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	81,055	108,773	108,773	-	99,883
Transfers out	-	(154,507)	(154,507)	-	-
Total other financing sources (uses)	<u>81,055</u>	<u>(45,734)</u>	<u>(45,734)</u>	<u>-</u>	<u>99,883</u>
Net change in fund balance	-	19,123	19,723	600	351,561
Fund balance - January 1	<u>1,308,769</u>	<u>1,308,769</u>	<u>1,660,330</u>	<u>351,561</u>	<u>1,308,769</u>
Fund balance - December 31	<u>\$ 1,308,769</u>	<u>\$ 1,327,892</u>	<u>\$ 1,680,053</u>	<u>\$ 352,161</u>	<u>\$ 1,660,330</u>

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

Village of Hobart, Wisconsin

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2020
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2020	2019
ASSETS					
Current assets					
Cash and investments	\$ 799,706	\$ 312,161	\$ 900,653	\$ 2,012,520	\$ 2,023,650
Receivables					
Customer accounts	190,826	356,081	-	546,907	529,064
Special assessments	-	-	7,053	7,053	7,715
Due from other governments	-	-	-	-	31,751
Total current assets	990,532	668,242	907,706	2,566,480	2,592,180
Other assets					
Deferred special assessments	118,216	-	-	118,216	118,216
Net pension asset	18,523	17,450	15,034	51,007	-
Total other assets	136,739	17,450	15,034	169,223	118,216
Capital assets					
Nondepreciable	114,692	534,797	4,685	654,174	631,655
Depreciable	12,451,247	8,890,759	5,042,241	26,384,247	23,281,820
Total capital assets	12,565,939	9,425,556	5,046,926	27,038,421	23,913,475
Total assets	13,693,210	10,111,248	5,969,666	29,774,124	26,623,871
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	43,453	40,255	34,332	118,040	156,980
Other postemployment related amounts	3,360	3,165	2,727	9,252	3,849
Total deferred outflows of resources	46,813	43,420	37,059	127,292	160,829
LIABILITIES					
Current liabilities					
Accounts payable	73,320	191,521	309,423	574,264	385,848
Accrued and other current liabilities	2,934	2,262	1,805	7,001	13,426
Current portion of long-term debt	189,545	452,358	-	641,903	564,434
Accrued interest	7,536	51,221	985	59,742	67,422
Total current liabilities	273,335	697,362	312,213	1,282,910	1,031,130
Long-term obligations, less current portion					
General obligation debt	2,078,098	2,872,359	125,000	5,075,457	4,591,203
Net pension liability	-	-	-	-	58,830
Other postemployment benefits	7,376	6,949	5,987	20,312	16,732
Total long-term liabilities	2,085,474	2,879,308	130,987	5,095,769	4,666,765
Total liabilities	2,358,809	3,576,670	443,200	6,378,679	5,697,895
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	55,816	52,581	45,300	153,697	82,621
Other postemployment related amounts	2,149	2,024	1,744	5,917	4,476
Total deferred inflows of resources	57,965	54,605	47,044	159,614	87,097
NET POSITION					
Net investment in capital assets	10,298,296	6,100,839	4,639,583	21,038,718	18,570,965
Restricted	18,523	17,450	15,034	51,007	-
Unrestricted	1,006,430	405,104	861,864	2,273,398	2,428,743
Total net position	\$ 11,323,249	\$ 6,523,393	\$ 5,516,481	\$ 23,363,123	\$ 20,999,708

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

Village of Hobart, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2020	2019
OPERATING REVENUES					
Charges for services	\$ 1,038,983	\$ 1,568,149	\$ -	\$ 2,607,132	\$ 2,431,092
Other	19,178	29,737	518,671	567,586	561,411
Total operating revenues	1,058,161	1,597,886	518,671	3,174,718	2,992,503
OPERATING EXPENSES					
Operation and maintenance	698,576	1,024,047	182,175	1,904,798	1,650,068
Depreciation	338,464	281,329	141,817	761,610	677,406
Taxes	4,502	9,155	5,037	18,694	17,050
Total operating expenses	1,041,542	1,314,531	329,029	2,685,102	2,344,524
Operating income	16,619	283,355	189,642	489,616	647,979
NONOPERATING REVENUES (EXPENSES)					
Interest income	1,547	452	3,135	5,134	21,163
Interest and fiscal charges	(78,221)	(86,787)	(985)	(165,993)	(184,190)
Other nonoperating revenues	-	-	1,197	1,197	-
Total nonoperating revenues (expenses)	(76,674)	(86,335)	3,347	(159,662)	(163,027)
Income before contributions and transfers	(60,055)	197,020	192,989	329,954	484,952
Capital contributions	1,349,373	266,953	642,301	2,258,627	1,708,156
Transfers out	(68,773)	(40,000)	(116,393)	(225,166)	(99,883)
Change in net position	1,220,545	423,973	718,897	2,363,415	2,093,225
Net position - January 1	10,102,704	6,099,420	4,797,584	20,999,708	18,906,483
Net position - December 31	<u>\$ 11,323,249</u>	<u>\$ 6,523,393</u>	<u>\$ 5,516,481</u>	<u>\$ 23,363,123</u>	<u>\$ 20,999,708</u>

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

Village of Hobart, Wisconsin

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019**

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,051,693	\$ 1,586,511	\$ 519,333	\$ 3,157,537	\$ 2,946,674
Cash paid for employee wages and benefits	(133,676)	(82,910)	(92,514)	(309,100)	(323,544)
Cash paid to suppliers	(539,492)	(915,912)	(259,543)	(1,714,947)	(1,221,381)
Net cash provided by operating activities	<u>378,525</u>	<u>587,689</u>	<u>167,276</u>	<u>1,133,490</u>	<u>1,401,749</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenues	-	-	31,751	31,751	(31,751)
Transfer in	-	-	-	-	(40,000)
Transfer out	(68,773)	(40,000)	(116,393)	(225,166)	(59,883)
Net cash used by noncapital financing activities	<u>(68,773)</u>	<u>(40,000)</u>	<u>(84,642)</u>	<u>(193,415)</u>	<u>(131,634)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(62,896)	(1,001,158)	(281,532)	(1,345,586)	(138,482)
Proceeds of long-term debt	-	1,001,158	125,000	1,126,158	-
Debt premium received	-	-	1,197	1,197	-
Principal paid on long-term debt	(183,861)	(380,574)	-	(564,435)	(539,121)
Interest paid on long-term debt	(78,797)	(94,876)	-	(173,673)	(192,530)
Net cash used by capital and related financing activities	<u>(325,554)</u>	<u>(475,450)</u>	<u>(155,335)</u>	<u>(956,339)</u>	<u>(870,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>1,547</u>	<u>452</u>	<u>3,135</u>	<u>5,134</u>	<u>21,163</u>
Change in cash and investments	(14,255)	72,691	(69,566)	(11,130)	421,145
Cash and investments - January 1	<u>813,961</u>	<u>239,470</u>	<u>970,219</u>	<u>2,023,650</u>	<u>1,602,505</u>
Cash and investments - December 31	<u>\$ 799,706</u>	<u>\$ 312,161</u>	<u>\$ 900,653</u>	<u>\$ 2,012,520</u>	<u>\$ 2,023,650</u>

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

Village of Hobart, Wisconsin

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019**

	Water Utility	Sewer Utility	Storm Water Utility	Totals	
				2020	2019
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 16,619	\$ 283,355	\$ 189,642	\$ 489,616	\$ 647,979
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	338,464	281,329	141,817	761,610	677,406
Depreciation charged to sewer utility	14,282	(14,282)	-	-	-
Change in liability (asset) and deferred outflows and inflows of resources					
Net pension asset	(18,523)	(17,450)	(15,034)	(51,007)	50,254
Deferred outflows -pension related	12,794	11,785	14,361	38,940	(66,557)
Net pension liability	(20,864)	(19,517)	(18,449)	(58,830)	58,830
Deferred inflows - pension related	26,514	25,171	19,391	71,076	(17,666)
Other postemployment benefits					
Deferred outflows - OPEB related	(1,995)	(1,888)	(1,520)	(5,403)	503
OPEB Liability	1,442	1,398	740	3,580	(5,106)
Deferred inflows - OPEB related	562	539	340	1,441	4,169
Change in operating assets and liabilities					
Accounts receivables	(6,468)	(11,375)	662	(17,181)	(45,829)
Accounts payable	18,003	50,784	(162,714)	(93,927)	96,408
Accrued and other current liabilities	(2,305)	(2,160)	(1,960)	(6,425)	1,358
Net cash provided by operating activities	<u>\$ 378,525</u>	<u>\$ 587,689</u>	<u>\$ 167,276</u>	<u>\$ 1,133,490</u>	<u>\$ 1,401,749</u>
Reconciliation of cash and cash equivalents to the statement of net position					
Cash and cash equivalents in current assets	<u>\$ 799,706</u>	<u>\$ 312,161</u>	<u>\$ 900,653</u>	<u>\$ 2,012,520</u>	<u>\$ 2,023,650</u>
Noncash capital and related financing activities					
Capital assets contributed by Village	\$ 1,349,373	\$ 266,953	\$ 642,301	\$ 2,258,627	\$ 1,708,156
Capital assets included in accounts payable	-	-	282,343	282,343	186,873

Village of Hobart, Wisconsin

STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2019

	Tax Collection Custodial Fund	
	2020	2019
ASSETS		
Cash and investments	\$ 1,288,332	1,500,546
LIABILITIES		
Due to other governments	1,288,332	1,500,546
NET POSITION		
Fiduciary net position - held for others	\$ -	\$ -

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

Village of Hobart, Wisconsin

STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	Tax Collection Custodial Fund	
	2020	2019
ADDITIONS		
Property tax collections	\$ 3,836,079	3,704,473
DEDUCTIONS		
Payments to taxing jurisdictions	3,836,079	3,704,473
Change in net position	-	-
Net position - January 1	-	-
Net position - December 31	<u>\$ -</u>	<u>\$ -</u>

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

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

The Village reports the following major governmental funds:

General Fund

This is the Village's 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.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

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.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

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

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

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

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 and are carried at cost. 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.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. Accounts Receivable

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

4. 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 2019 tax roll are recognized as revenue in 2020.) 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 accounted for on the consumption method.

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

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual costs of \$5,000 or higher and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated acquisition value at the date of donation. The Village has not reported infrastructure assets acquired or constructed prior to 2004.

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

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

<u>Assets</u>	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
	<u>Years</u>	
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 both land intended for resale and land designated as a public area. 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.

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, 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.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 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.

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.

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.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2019, from which the summarized information was derived.

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, 2020.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 2020 and 2021 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 2021 budget was 3.57%. The actual limit for the Village for the 2020 budget was 4.81%. 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.

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 \$11,184,197 on December 31, 2020 as summarized below:

Deposits with financial institutions	\$ 7,123,404
Investments	
Wisconsin Local Government Investment Pool	1,370,904
Wisconsin Investment Series Cooperative (WISC)	2,689,889
	<u>\$ 11,184,197</u>
Reconciliation to the basic financial statements:	
Government-wide Statement of Net Position	
Cash and investments	\$ 9,895,865
Fiduciary Fund Statement of Net Position	1,288,332
	<u>\$ 11,184,197</u>

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

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. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. 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, 2020, \$3,537,919 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits and was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Village's name.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Wisconsin Local Government Investment Pool	\$ 1,370,904	\$ -	\$ -	\$ -	\$ 1,370,904
WISC:					
Cash management series	1	-	1	-	-
Investment series	2,689,888	-	2,689,888	-	-
Totals	<u>\$ 4,060,793</u>	<u>\$ -</u>	<u>\$ 2,689,889</u>	<u>\$ -</u>	<u>\$ 1,370,904</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.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Wisconsin Local Government Investment Pool	\$ 1,370,904	\$ 1,370,904	\$ -	\$ -	\$ -
WISC:					
Cash management series	1	1	-	-	-
Investment series	2,689,888	2,689,888	-	-	-
Totals	<u>\$ 4,060,793</u>	<u>\$ 4,060,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Village has investments in the Wisconsin local government investment pool of \$1,370,904 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, 2020, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

The Village has investments in the Wisconsin Investment Series Cooperative (WISC) of \$2,689,889 at year end consisting of \$1 invested in the Cash Management Series and \$2,689,888 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.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 4,737,926	\$ -	\$ -	\$ 4,737,926
Construction in progress	81,731	598,940	63,234	617,437
Total capital assets, nondepreciable	<u>4,819,657</u>	<u>598,940</u>	<u>63,234</u>	<u>5,355,363</u>
Capital assets, depreciable:				
Land improvements	893,831	76,676	-	970,507
Buildings and improvements	1,127,224	-	-	1,127,224
Machinery and equipment	2,581,010	428,816	119,099	2,890,727
Infrastructure	11,656,172	692,211	-	12,348,383
Subtotals	<u>16,258,237</u>	<u>1,197,703</u>	<u>119,099</u>	<u>17,336,841</u>
Less accumulated depreciation for:				
Land improvements	53,103	45,271	-	98,374
Buildings and improvements	771,482	25,932	-	797,414
Machinery and equipment	1,332,744	214,559	119,099	1,428,204
Infrastructure	<u>2,038,653</u>	<u>400,076</u>	<u>-</u>	<u>2,438,729</u>
Subtotals	<u>4,195,982</u>	<u>685,838</u>	<u>119,099</u>	<u>4,762,721</u>
Total capital assets, depreciable, net	<u>12,062,255</u>	<u>511,865</u>	<u>-</u>	<u>12,574,120</u>
Governmental activities capital assets, net	<u>\$ 16,881,912</u>	<u>\$ 1,110,805</u>	<u>\$ 63,234</u>	17,929,483
Less: Capital related debt				10,998,297
Less: Debt premium				<u>235,458</u>
Net investment in capital assets				<u>\$ 6,695,728</u>

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 114,692	\$ -	\$ -	\$ 114,692
Assets held for future use	508,671	-	-	508,671
Construction in progress	8,292	30,811	8,292	30,811
Total capital assets, not being depreciated	<u>631,655</u>	<u>30,811</u>	<u>8,292</u>	<u>654,174</u>
Capital assets, being depreciated:				
Buildings and improvements	28,117,306	3,623,210	3,147	31,737,369
Machinery and equipment	4,581,161	240,827	-	4,821,988
Subtotals	<u>32,698,467</u>	<u>3,864,037</u>	<u>3,147</u>	<u>36,559,357</u>
Less accumulated depreciation for:				
Buildings and improvements	7,195,455	624,353	3,147	7,816,661
Machinery and equipment	2,221,192	137,257	-	2,358,449
Subtotals	<u>9,416,647</u>	<u>761,610</u>	<u>3,147</u>	<u>10,175,110</u>
Total capital assets, being depreciated, net	<u>23,281,820</u>	<u>3,102,427</u>	<u>-</u>	<u>26,384,247</u>
Business-type activities capital assets, net	<u>\$ 23,913,475</u>	<u>\$ 3,133,238</u>	<u>\$ 8,292</u>	27,038,421
Less: Capital related debt				5,717,360
Less: Accounts payable				<u>282,343</u>
Net investment in capital assets				<u>\$ 21,038,718</u>

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

Governmental activities	
General government	\$ 20,362
Public safety	153,711
Public works	300,265
Culture and recreation	639
Conservation and development	210,861
Total depreciation expense - governmental activities	<u>\$ 685,838</u>
Business-type activities	
Water utility	\$ 338,464
Sewer utility	281,329
Storm water management	141,817
Total depreciation expense - business-type activities	<u>\$ 761,610</u>

C. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2020 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 108,773	\$ 154,507
Capital Projects	270,900	-
Water Utility	-	68,773
Sewer Utility	-	40,000
Storm Water Utility	-	116,393
	<u>\$ 379,673</u>	<u>\$ 379,673</u>

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 68,773
Reimbursement of 2017 sanitary sewer transfer	40,000
Transfer to finance capital projects	154,507
Transfer to finance storm water utility capital projects	116,393
	<u>\$ 379,673</u>

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

Tax equivalent payment made by water utility to general fund	\$ 68,773
Reimbursement of 2017 sanitary sewer transfer	40,000
Transfer to finance storm water utility capital projects	116,393
Utility capital assets financed by Tax Incremental Districts	(2,258,627)
Total governmental activities	<u>\$ (2,033,461)</u>

D. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt					
Bonds	\$ 15,668,000	\$ 2,840,000	\$ 2,072,500	\$ 16,435,500	\$ 1,097,500
Notes	7,320,000	1,190,000	550,000	7,960,000	695,000
Direct borrowings	1,402,097	-	61,643	1,340,454	63,935
Total general obligation debt	<u>24,390,097</u>	<u>4,030,000</u>	<u>2,684,143</u>	<u>25,735,954</u>	<u>1,856,435</u>
Revenue bonds	2,715,000	-	100,000	2,615,000	100,000
Land Contract	-	5,818,310	-	5,818,310	433,983
Debt premium	324,031	94,126	35,323	382,834	-
Governmental activities					
Long-term obligations	<u>\$ 27,429,128</u>	<u>\$ 9,942,436</u>	<u>\$ 2,819,466</u>	<u>\$ 34,552,098</u>	<u>\$ 2,390,418</u>
Business-type activities:					
General obligation debt					
Bonds	\$ 3,277,000	\$ 125,000	\$ 277,500	\$ 3,124,500	\$ 282,500
Direct borrowings	712,176	-	52,506	659,670	53,660
Total general obligation debt	<u>3,989,176</u>	<u>125,000</u>	<u>330,006</u>	<u>3,784,170</u>	<u>336,160</u>
Notes payable - GBMSD	1,166,461	1,001,158	234,429	1,933,190	305,743
Business-type activities					
Long-term obligations	<u>\$ 5,155,637</u>	<u>\$ 1,126,158</u>	<u>\$ 564,435</u>	<u>\$ 5,717,360</u>	<u>\$ 641,903</u>

Total interest paid during the year on long-term debt totaled \$963,811.

State Trust Fund Loan

The Village's outstanding notes from direct borrowings related to the governmental activities of \$1,340,454 are subject to a statutory provision that in an event of late or non-payment, a one percent 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, 2020

Clean Water Fund Loan Programs

The Village's outstanding notes from direct borrowings related to business type activities of \$659,670 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 12/31/20</u>
Bonds					
General obligation refunding bonds	11/22/10	12/01/24	3.00 - 3.45%	\$ 1,300,000	\$ 210,000
General obligation refunding bonds	06/07/11	06/01/26	3.50 - 4.05%	2,900,000	1,775,000
General obligation refunding bonds	07/10/12	03/01/29	2.75 - 3.125%	5,000,000	2,950,000
General obligation taxable refunding bonds	04/15/13	03/01/29	2.40- 3.70%	6,450,000	4,780,000
General obligation refunding bonds	01/28/14	03/01/29	2.70 - 3.80%	3,780,000	3,070,000
General obligation refunding bonds	06/15/15	03/01/29	2.30 - 3.25%	1,090,000	1,090,000
General obligation refunding bonds	06/15/15	03/01/32	3.00 - 4.20%	2,540,000	1,300,000
General obligation refunding bonds	08/08/16	03/01/32	2.15 - 2.80%	1,790,000	1,420,000
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	450,000
General obligation notes	08/01/17	03/01/27	2.00 - 2.25%	4,065,000	3,690,000
Taxable general obligation notes	08/01/17	03/01/22	1.50 - 2.15%	2,140,000	1,715,000
Taxable general obligation notes	08/28/18	05/01/28	3.00-3.40%	1,015,000	915,000
General obligation notes	07/14/20	09/01/29	1.25-1.45%	1,190,000	1,190,000
Direct placement					
Clean water fund bonds	07/27/11	05/01/31	2.20%	1,123,268	659,670
State trust fund bonds	10/26/16	03/15/36	3.50%	1,500,000	1,340,454
Total outstanding general obligation debt					<u>\$ 29,520,124</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$29,520,124 on December 31, 2020 are detailed below:

Year Ended	Governmental Activities					
	Bonds and Notes		Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
December 31,						
2021	\$ 1,792,500	\$ 640,410	\$ 63,935	\$ 46,916	\$ 1,856,435	\$ 687,326
2022	3,342,500	566,524	66,173	44,678	3,408,673	611,202
2023	1,945,250	497,370	68,489	42,362	2,013,739	539,732
2024	2,065,250	442,428	70,777	40,074	2,136,027	482,502
2025	2,485,780	382,057	73,363	37,488	2,559,143	419,545
2026-2030	10,376,534	902,934	407,092	147,164	10,783,626	1,050,098
2031-2035	2,387,686	127,924	483,531	70,725	2,871,217	198,649
2036	-	-	107,094	3,759	107,094	3,759
	<u>\$ 24,395,500</u>	<u>\$ 3,559,647</u>	<u>\$ 1,340,454</u>	<u>\$ 433,166</u>	<u>\$ 25,735,954</u>	<u>\$ 3,992,813</u>

Village of Hobart, Wisconsin

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Year Ended December 31,	Business-type Activities					
	Bonds and Notes		Direct Placement		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 282,500	\$ 101,878	\$ 53,660	\$ 13,923	\$ 336,160	\$ 115,801
2022	427,500	89,924	54,841	12,729	482,341	102,653
2023	444,750	75,261	56,047	11,509	500,797	86,770
2024	464,750	59,397	57,280	10,263	522,030	69,660
2025	484,220	41,938	58,540	8,989	542,760	50,927
2026-2030	943,466	50,553	312,598	24,830	1,256,064	75,383
2031-2035	77,314	4,729	66,704	734	144,018	5,463
	<u>\$ 3,124,500</u>	<u>\$ 423,680</u>	<u>\$ 659,670</u>	<u>\$ 82,977</u>	<u>\$ 3,784,170</u>	<u>\$ 506,657</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, 2020 was \$23,304,956 as follows:

Equalized valuation of the Village	\$ 1,056,501,600
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	52,825,080
Total outstanding general obligation debt applicable to debt limitation	<u>29,520,124</u>
Legal margin for new debt	<u>\$ 23,304,956</u>

Notes Payable - GBMSD

Annual principal and interest maturities of the outstanding notes payable to GBMSD of \$1,933,190 on December 31, 2020 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 305,743	\$ 39,426	\$ 345,169
2022	285,801	59,368	345,169
2023	179,302	47,810	227,112
2024	186,598	40,515	227,113
2025	194,194	32,919	227,113
2026-2030	220,727	111,367	332,094
2031-2035	258,376	73,717	332,093
2036-2040	302,449	29,643	332,092
	<u>\$ 1,933,190</u>	<u>\$ 434,765</u>	<u>\$ 2,367,955</u>

Land Contract

Land contract outstanding on December 31, 2020 totaled \$5,818,310 and were comprised of the following issue:

	Issue	Maturity	Rates	Indebtedness	12/31/20
Land Contract	09/23/20	09/23/30	1.00%	\$ 5,818,310	\$ 5,818,310

Village of Hobart, Wisconsin

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Annual principal and interest maturities of the outstanding land contract of \$5,810,310 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 433,983	\$ 57,848	\$ 491,831
2022	574,725	53,843	628,568
2023	580,472	48,096	628,568
2024	586,277	42,291	628,568
2025	592,140	36,428	628,568
2026-2030	3,050,713	92,127	3,142,840
	<u>\$ 5,818,310</u>	<u>\$ 330,633</u>	<u>\$ 6,148,943</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2020 totaled \$2,615,000 and were comprised of the following issue:

	Issue	Maturity	Rates	Indebtedness	12/31/20
Revenue Bond	08/07/18	05/01/38	3.25 - 3.50%	\$ 2,715,000	\$ 2,615,000

Annual principal and interest maturities of the outstanding revenue bonds of \$2,615,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 100,000	\$ 85,375	\$ 185,375
2022	105,000	82,044	187,044
2023	110,000	78,550	188,550
2024	115,000	74,894	189,894
2025	120,000	71,075	191,075
2026-2030	675,000	292,406	967,406
2031-2035	815,000	170,630	985,630
2035-2038	575,000	30,666	605,666
	<u>\$ 2,615,000</u>	<u>\$ 885,640</u>	<u>\$ 3,500,640</u>

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.

Village of Hobart, Wisconsin

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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	\$ 1,038,983
Other	19,178
Total Operating Revenues	<u>1,058,161</u>
Less: operating expenses, less depreciation	<u>703,078</u>
Net customer revenues	355,083
Tax increments	<u>188,625</u>
Total pledged revenues	<u><u>\$ 543,708</u></u>
Debt Service	
Principal	\$ 100,000
Interest	88,625
Total debt service	<u><u>\$ 188,625</u></u>
Remaining principal and interest	<u><u>\$ 3,500,640</u></u>

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

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, and 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 WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

Employees who retire at or after age 65 (54 for protective occupation employees 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.

Village of Hobart, Wisconsin

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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.

2. Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2010	(1.3)	22
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)

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, and 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 ending December 31, 2020, the WRS recognized \$130,988 in contributions from the Village.

Village of Hobart, Wisconsin

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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%	11.65%
Protective without Social Security	6.75%	16.25%

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

At December 31, 2020, the Village reported an asset of \$343,541 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, the Village's proportion was 0.01065425%, which was an increase of 0.00059084% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$126,637.

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 652,120	\$ 326,342
Net differences between projected and actual earnings on pension plan investments	-	702,320
Changes in assumptions	26,771	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	985	6,521
Employer contributions subsequent to the measurement date	130,988	-
Total	<u>\$ 810,864</u>	<u>\$ 1,035,183</u>

\$130,988 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, 2021.

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>
2021	\$ (106,492)
2022	(79,458)
2023	11,118
2024	(180,475)
Total	<u>\$ (355,307)</u>

Village of Hobart, Wisconsin

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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, 2018
Measurement date of net pension liability (asset):	December 31, 2019
Actuarial cost method:	Entry Age Normal
Asset valuation method:	Fair Market 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
Post-retirement adjustments*	1.9%

* *No post-retirement 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 post-retirement 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, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Village of Hobart, Wisconsin

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	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>			
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation Sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9%	6.3%	3.5%
Private Equity/Debt	8%	10.6%	7.6%
Multi-asset	4%	6.9%	4.0%
Cash	-10%	0.9%	N/A
Total Core Fund	<u>100%</u>	<u>7.5%</u>	<u>4.6%</u>
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.5%	4.6%
International Equities	30%	8.2%	5.3%
Total Variable Fund	<u>100%</u>	<u>7.8%</u>	<u>5%</u>

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

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 long-term bond rate of 2.75% (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, 2019. 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.

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 percent, 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 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 884,681	\$ (343,541)	\$ (1,261,779)

Village of Hobart, Wisconsin

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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, 2020, the Village reported a payable of \$17,046 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

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 Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees 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 post-retirement 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 employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2020 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post-retirement coverage	40% of member contribution
25% Post-retirement coverage	20% of member contribution

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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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, 2019 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the year ended December 31, 2020, the LRLIF recognized \$689 in contributions from the employer.

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

At December 31, 2020, the Village reported a liability of \$136,803 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. 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, 2019, the Village's proportion was 0.03212700%, which was a decrease of 0.00733700% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the Village recognized OPEB expense of \$13,418.

Village of Hobart, Wisconsin

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At December 31, 2020, 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	\$ -	\$ 6,129
Net differences between projected and actual earnings on OPEB plan investments	2,580	-
Changes in assumptions	50,467	15,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,273	18,672
Total	<u>\$ 62,320</u>	<u>\$ 39,848</u>

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
2021	\$ 4,380
2022	4,380
2023	4,102
2024	3,815
2025	2,193
Thereafter	3,602
Total	<u>\$ 22,472</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2019 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, 2019
Measurement date of net OPEB liability (asset):	December 31, 2019
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	2.74%
Long-term expected rate of return:	4.25%
Discount rate:	2.87%
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, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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. 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	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-term expected rate of return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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 2.87% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. 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, 2020

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 2.87%, 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 (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
Village's proportionate share of the net OPEB liability	\$ 188,902	\$ 136,803	\$ 97,166

Payable to the OPEB Plan

At December 31, 2020, the Village reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2020.

G. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the 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, 2020, nonspendable fund balance was as follows:

K-9 Fund	
Nonspendable	
Inventories and prepaid items	<u>\$ 2,381</u>

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, 2020, restricted fund balance was as follows:

General Fund	
Restricted for	
Park development	\$ 303,692
Memorial bricks/trees	5,286
GIS	4,682
Total General Fund restricted fund balance	<u>313,660</u>
Debt Service Fund	
Restricted for debt retirement	164,444
Tax Incremental Financial District No. 1	
Restricted for project plan development	3,731,770
Tax Incremental Financial District No. 2	
Restricted for project plan development	<u>1,413,676</u>
Total restricted fund balance	<u>\$ 5,623,550</u>

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2020, fund balance was assigned as follows:

Capital Projects Funds

Assigned for subsequent year's expenditures	
Capital Improvements	\$ 530,379
Tax Incremental District No. 1	
Project plan development	1,147,756

Special Revenue Fund

Assigned for subsequent year's expenditures	
K-9 program	<u>73,924</u>

Total	<u><u>\$ 1,752,059</u></u>
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Net Position

The Village reports restricted net position at December 31, 2020 as follows:

Governmental activities

Restricted for	
Park development	\$ 303,692
Memorial bricks/trees	5,286
GIS	4,682
Project plan development	
Tax Incremental District #1	972,980
Tax Incremental District #2	860,834
Pension benefits	<u>292,534</u>
Total governmental activities restricted net position	<u>2,440,008</u>

Business type activities

Restricted for	
Pension benefits	<u>51,007</u>

Total restricted net position	<u><u>\$ 2,491,015</u></u>
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Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, the Village can recover \$17,967,212 from future excess tax increment revenues of the following:

	Recoverable Costs
TID #1	\$ 17,075,173
TID #2	6,668,143

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

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, 2020, the Village abated property taxes totaling \$1,341,137 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$292,215 to a developer for 21.67% within Tax Incremental District #1.
 - ▶ A property tax abatement of \$155,475 to a developer for 11.53% within Tax Incremental District #1.
 - ▶ A property tax abatement of \$138,162 to a developer for 10.24% within Tax Incremental District #1.
- A property tax abatement of \$311,126 to a developer for 23.07% within Tax Incremental District #2.

Village of Hobart, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

C. RISK MANAGEMENT

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

D. CONTINGENCIES

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

E. RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the Village, COVID-19 may impact part of its 2021 operations and financial results. Management believes the Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably determined as of March 22, 2021.

F. SUBSEQUENT EVENT

During 2021, the Village approved the sale of the following debt obligations:

- On March 2, 2021 the Village approved general obligation promissory notes of \$4,485,000 for the purpose of capital improvements and refinancing 2010 and 2011 bonds.
- On March 2, 2021 the Village approved general obligation promissory notes of \$2,340,000 for the purpose of refinancing the 2017B note and developer incentive payments.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Hobart, Wisconsin

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

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan year)	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%

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%

See notes to required supplementary information.

Village of Hobart, Wisconsin

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

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee 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	1,111,000	12.31%	37.58%

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%

See notes to required supplementary information.

Village of Hobart, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

A. 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.

B. OTHER POST EMPLOYMENT BENEFITS

Local Retiree Life Insurance Fund

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

Changes of assumptions. Actuarial assumptions were based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015 – 2017 and the discount rate was updated to reflect the municipal bond rate at the completion of the actuarial valuation.

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
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
Taxes					
General property	\$ 1,744,329	\$ 1,644,329	\$ 1,644,329	\$ -	\$ 1,625,818
Managed forest crop tax	138	60	60	-	138
Use value penalty	3,500	1,747	1,747	-	14,397
Interest and taxes	1,500	4,170	4,170	-	3,582
Total taxes	<u>1,749,467</u>	<u>1,650,306</u>	<u>1,650,306</u>	<u>-</u>	<u>1,643,935</u>
Special assessments	-	-	-	-	1,461
Intergovernmental					
Federal					
Police	-	22,950	22,950	-	29,896
Routes to Recovery	-	135,013	135,013	-	-
State					
State shared taxes	83,002	83,002	83,002	-	71,902
Fire insurance dues	41,000	41,909	41,909	-	40,014
Tax exempt computer aid	1,730	1,730	1,730	-	1,730
Transportation	353,075	353,075	353,075	-	307,021
Recycling	18,415	18,394	18,394	-	18,415
Local					
Reimbursements from the Town of Lawrence	488,569	481,541	481,541	-	508,516
Total intergovernmental	<u>985,791</u>	<u>1,137,614</u>	<u>1,137,614</u>	<u>-</u>	<u>977,494</u>
Licenses and permits					
Licenses					
Liquor and malt beverage	2,460	3,270	3,270	-	2,470
Operators license	5,600	10,667	10,667	-	8,964
Cigarette license	300	300	300	-	300
Cable television fees	49,000	51,391	51,391	-	57,591
Dog	3,000	3,209	3,809	600	3,076
Permits					
Quarry	2,300	9,544	9,544	-	5,550
Building	96,800	108,125	108,125	-	142,673
Park developer fees	-	1,200	1,200	-	41,100
Park fee/building	6,500	15,345	15,345	-	56,910
Site review	1,000	785	785	-	1,650
Zoning	2,000	3,575	3,575	-	3,225
Total licenses and permits	<u>168,960</u>	<u>207,411</u>	<u>208,011</u>	<u>600</u>	<u>323,509</u>
Fines and forfeits					
Court fines and penalties	80,000	78,289	78,289	-	89,392
Dog license late fee	200	280	280	-	1,030
Total fines and forfeits	<u>80,200</u>	<u>78,569</u>	<u>78,569</u>	<u>-</u>	<u>90,422</u>

Village of Hobart, Wisconsin

GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
Public charges for services					
General government	4,500	6,755	6,755	-	8,305
Garbage collection	399,303	399,633	399,633	-	383,979
Police liaison fees	46,180	46,211	46,211	-	57,803
Street lighting	64,418	64,555	64,555	-	69,834
Fire calls	500	500	500	-	200
Land and tower rent fees	28,100	28,225	28,225	-	28,053
Total public charges for services	<u>543,001</u>	<u>545,879</u>	<u>545,879</u>	<u>-</u>	<u>548,174</u>
Miscellaneous					
Reimbursements	-	11,216	11,216	-	716
Interest	25,000	13,285	13,285	-	57,617
Other general government	3,221	3,236	3,236	-	4,125
Total miscellaneous	<u>28,221</u>	<u>27,737</u>	<u>27,737</u>	<u>-</u>	<u>62,458</u>
Total revenues	<u><u>\$ 3,555,640</u></u>	<u><u>\$ 3,647,516</u></u>	<u><u>\$ 3,648,116</u></u>	<u><u>\$ 600</u></u>	<u><u>\$ 3,647,453</u></u>

Village of Hobart, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
General government					
Village board	\$ 50,861	\$ 51,963	\$ 51,963	\$ -	\$ 53,741
Municipal court	90,836	69,919	69,919	-	83,452
Legal	180,000	148,788	148,788	-	191,475
Village administration	60,654	63,100	63,100	-	62,487
Village clerk	87,868	72,200	72,200	-	96,337
Economic development	46,500	33,644	33,644	-	25,233
Tribal affairs	13,500	12,000	12,000	-	12,000
Elections	10,500	28,554	28,554	-	15,429
Audit and other accounting	7,100	7,252	7,252	-	8,818
Treasurer	34,471	31,060	31,060	-	35,575
Property assessment	34,000	35,571	35,571	-	36,956
Buildings and grounds	43,813	40,730	40,730	-	39,314
General office	46,500	56,971	56,971	-	47,514
Insurance and bonds	26,739	20,466	20,466	-	29,492
General contingency	67,474	79,991	79,991	-	-
Total general government	<u>800,816</u>	<u>752,209</u>	<u>752,209</u>	<u>-</u>	<u>737,823</u>
Public safety					
Police department	1,374,872	1,409,963	1,409,963	-	1,258,267
Animal control	3,000	3,340	3,340	-	3,630
Fire protection	415,868	396,582	396,582	-	372,972
Rescue service	78,326	83,879	83,879	-	68,289
Total public safety	<u>1,872,066</u>	<u>1,893,764</u>	<u>1,893,764</u>	<u>-</u>	<u>1,703,158</u>
Public works					
Highway administration	140,148	144,958	144,958	-	152,834
Highway maintenance and construction	336,494	320,670	320,670	-	336,714
Street lighting	77,000	90,363	90,363	-	75,777
Garbage collection	300,000	284,554	284,554	-	280,380
Total public works	<u>853,642</u>	<u>840,545</u>	<u>840,545</u>	<u>-</u>	<u>845,705</u>

Village of Hobart, Wisconsin

GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)	2019 Actual
	Original	Final			
Conservation and development					
Memorial bricks	-	-	-	-	297
Parks	9,500	3,646	3,646	-	11,563
Neighborhood services	99,171	91,445	91,445	-	95,679
Planning/zoning	1,500	1,050	1,050	-	1,550
Total conservation and development	110,171	96,141	96,141	-	109,089
Total expenditures	\$ 3,636,695	\$ 3,582,659	\$ 3,582,659	\$ -	\$ 3,395,775

Village of Hobart, Wisconsin

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 618,254	\$ 614,598	\$ 614,598	\$ -
Excess Stadium District sales tax	3,000	743	743	-
Total revenues	621,254	615,341	615,341	-
EXPENDITURES				
Current				
Debt service				
Principal	447,500	447,500	447,500	-
Interest and fiscal charges	165,098	165,098	165,098	-
Total expenditures	612,598	612,598	612,598	-
Net change in fund balance	8,656	2,743	2,743	-
Fund balance - January 1	161,701	161,701	161,701	-
Fund balance - December 31	\$ 170,357	\$ 164,444	\$ 164,444	\$ -

Village of Hobart, Wisconsin

TAX INCREMENTAL DISTRICT #1 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,950,212	\$ 2,950,212	\$ 2,006,179	\$ (944,033)
Intergovernmental	-	-	1,435	1,435
Miscellaneous	153,851	153,851	143,052	(10,799)
Total revenues	<u>3,104,063</u>	<u>3,104,063</u>	<u>2,150,666</u>	<u>(953,397)</u>
EXPENDITURES				
Current				
General government	86,647	86,647	54,767	31,880
Conservation and development	991,152	991,152	494,865	496,287
Debt service				
Principal	1,143,948	1,143,948	2,028,948	(885,000)
Interest and fiscal charges	453,092	453,092	521,307	(68,215)
Capital outlay	-	-	3,868,083	(3,868,083)
Total expenditures	<u>2,674,839</u>	<u>2,674,839</u>	<u>6,967,970</u>	<u>(4,293,131)</u>
Excess of revenues over (under) expenditures	<u>429,224</u>	<u>429,224</u>	<u>(4,817,304)</u>	<u>(5,246,528)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	7,628,310	7,628,310
Premium on debt issued	-	-	12,254	12,254
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,640,564</u>	<u>7,640,564</u>
Net change in fund balance	429,224	429,224	2,823,260	2,394,036
Fund balance - January 1	<u>2,056,266</u>	<u>2,056,266</u>	<u>2,056,266</u>	<u>-</u>
Fund balance - December 31	<u>\$ 2,485,490</u>	<u>\$ 2,485,490</u>	<u>\$ 4,879,526</u>	<u>\$ 2,394,036</u>

Village of Hobart, Wisconsin

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 640,723	\$ 640,723	\$ 735,723	\$ 95,000
Special assessments and charges	-	-	112,000	112,000
Intergovernmental charges for services	65,760	65,760	185,185	119,425
Miscellaneous	-	-	128	128
Total revenues	706,483	706,483	1,033,036	326,553
EXPENDITURES				
Debt service				
Interest and fiscal charges	-	-	12,717	(12,717)
Capital outlay	931,376	931,376	1,649,256	(717,880)
Total expenditures	931,376	931,376	1,661,973	(730,597)
Excess of revenues under expenditures	(224,893)	(224,893)	(628,937)	(404,044)
OTHER FINANCING SOURCES				
Long-term debt issued	-	-	385,000	385,000
Premium on debt issued	-	-	3,704	3,704
Transfers in	224,893	224,893	270,900	46,007
Total other financing sources	224,893	224,893	659,604	434,711
Net change in fund balance	-	-	30,667	30,667
Fund balance - January 1	499,712	499,712	499,712	-
Fund balance - December 31	\$ 499,712	\$ 499,712	\$ 530,379	\$ 30,667

Village of Hobart, Wisconsin

TAX INCREMENTAL DISTRICT #2 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,286,245	\$ 1,286,245	\$ 881,499	\$ (404,746)
Intergovernmental	2,320	2,320	327	(1,993)
Miscellaneous	4,000	4,000	13,113	9,113
Total revenues	<u>1,292,565</u>	<u>1,292,565</u>	<u>894,939</u>	<u>(397,626)</u>
EXPENDITURES				
Current				
General government	43,117	43,117	47,170	(4,053)
Conservation and development	404,726	404,726	-	404,726
Debt service				
Principal	307,695	307,695	307,695	-
Interest and fiscal charges	176,843	176,843	234,039	(57,196)
Capital outlay	-	-	1,285,206	(1,285,206)
Total expenditures	<u>932,381</u>	<u>932,381</u>	<u>1,874,110</u>	<u>(941,729)</u>
Excess of revenues over (under) expenditures	<u>360,184</u>	<u>360,184</u>	<u>(979,171)</u>	<u>(1,339,355)</u>
OTHER FINANCING SOURCES				
Long-term debt issued	-	-	1,835,000	1,835,000
Premium on debt issued	-	-	78,168	78,168
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,913,168</u>	<u>1,913,168</u>
Net change in fund balance	<u>360,184</u>	<u>360,184</u>	<u>933,997</u>	<u>573,813</u>
Fund balance - January 1	<u>479,679</u>	<u>479,679</u>	<u>479,679</u>	<u>-</u>
Fund balance - December 31	<u>\$ 839,863</u>	<u>\$ 839,863</u>	<u>\$ 1,413,676</u>	<u>\$ 573,813</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*

To the Village Board
Village of Hobart, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2020, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated March 22, 2021.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-002 to be a significant deficiency.

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

March 22, 2021

Village of Hobart, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2020-001	Segregation of Duties - Clerk/Treasurer Repeat of Finding 2019-001
Type of Finding:	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 a proper segregation of duties for internal control purposes.
Context:	While performing audit procedures, it was noted that the Village does not have adequate 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 FOR THE YEAR ENDED DECEMBER 31, 2020

FINDING NO.	CONTROL DEFICIENCIES
2020-002	Adjustments to the Village's Financial Records Repeat of Finding 2019-002
Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	As part of our audit, we proposed adjusting journal entries to the Village's financial statements.
Context:	While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.
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 and 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.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2020.