

VILLAGE OF HOBART, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Hobart, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hobart, Wisconsin (the Village), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be present to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Village Board
Village of Hobart, Wisconsin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2026, 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
April 13, 2026

BASIC FINANCIAL STATEMENTS

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 20,035,919	\$ 1,816,451	\$ 21,852,370
Receivables:			
Taxes and Special Charges	5,601,743	-	5,601,743
Delinquent Taxes	17,840	-	17,840
Accounts	142,516	685,213	827,729
Special Assessments	3,150	122,950	126,100
Loans	2,612,645	-	2,612,645
Leases	-	21,377	21,377
Prepaid Items	55,437	-	55,437
Assets Held for Resale	924,302	-	924,302
Capital Assets, Nondepreciable	4,849,373	824,479	5,673,852
Capital Assets, Depreciable	27,202,290	31,822,320	59,024,610
Total Assets	<u>61,445,215</u>	<u>35,292,790</u>	<u>96,738,005</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	1,351,390	146,918	1,498,308
Other Postemployment Related Amounts	115,470	12,659	128,129
Total Deferred Outflows of Resources	<u>1,466,860</u>	<u>159,577</u>	<u>1,626,437</u>
LIABILITIES			
Accounts Payable	2,056,176	300,157	2,356,333
Accrued and Other Current Liabilities	132,191	15,232	147,423
Accrued Interest Payable	480,464	37,056	517,520
Special Deposits	1,096	8,500	9,596
Unearned Revenues	13,165	-	13,165
Long-Term Obligations:			
Due within One Year	5,310,611	612,668	5,923,279
Due in More than One Year	44,047,059	1,935,061	45,982,120
Net Pension Liability	227,048	24,696	251,744
Net Other Postemployment Benefits	189,857	20,814	210,671
Total Liabilities	<u>52,457,667</u>	<u>2,954,184</u>	<u>55,411,851</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	11,484,284	-	11,484,284
Pension Related Amounts	683,093	74,299	757,392
Other Postemployment Related Amounts	129,250	14,170	143,420
Leases	-	21,377	21,377
Total Deferred Inflows of Resources	<u>12,296,627</u>	<u>109,846</u>	<u>12,406,473</u>
NET POSITION			
Net Investment in Capital Assets	1,820,127	30,116,860	31,936,987
Restricted:			
Park Development	192,635	-	192,635
Fire Department	57,225	-	57,225
Police Department	88,556	-	88,556
TID #1 Project Plan Development	8,225,706	-	8,225,706
TID #2 Project Plan Development	2,890,002	-	2,890,002
Unrestricted	(15,116,470)	2,271,477	(12,844,993)
Total Net Position	<u>\$ (1,842,219)</u>	<u>\$ 32,388,337</u>	<u>\$ 30,546,118</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,078,987	\$ 169,872	\$ -	\$ -
Public Safety	3,752,226	899,493	92,156	182,534
Public Works	1,241,055	526,368	634,310	-
Culture and Recreation	29,709	10,413	48,984	-
Conservation and Development	2,400,322	33,300	218,663	-
Interest and Fiscal Charges	1,723,297	-	-	-
Total Governmental Activities	<u>10,225,596</u>	<u>1,639,446</u>	<u>994,113</u>	<u>182,534</u>
BUSINESS-TYPE ACTIVITIES				
Water Utility	1,483,598	1,322,806	-	-
Sewer Utility	1,825,414	1,950,601	-	-
Storm Water Utility	559,828	504,250	-	-
Total Business-Type Activities	<u>3,868,840</u>	<u>3,777,657</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,094,436</u>	<u>\$ 5,417,103</u>	<u>\$ 994,113</u>	<u>\$ 182,534</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES			
General Government	\$ (909,115)	\$ -	\$ (909,115)
Public Safety	(2,578,043)	-	(2,578,043)
Public Works	(80,377)	-	(80,377)
Culture and Recreation	29,688	-	29,688
Conservation and Development	(2,148,359)	-	(2,148,359)
Interest and Fiscal Charges	(1,723,297)	-	(1,723,297)
Total Governmental Activities	(7,409,503)	-	(7,409,503)
BUSINESS-TYPE ACTIVITIES			
Water Utility	-	(160,792)	(160,792)
Sewer Utility	-	125,187	125,187
Storm Water Utility	-	(55,578)	(55,578)
Total Business-Type Activities	-	(91,183)	(91,183)
Total	(7,409,503)	(91,183)	(7,500,686)
GENERAL REVENUES AND TRANSFERS			
Taxes:			
Property Taxes, Levied for General Purposes	2,102,843	-	2,102,843
Property Taxes, Levied for Debt Service	662,091	-	662,091
Property Taxes, Levied for Capital Projects	5,432,297	-	5,432,297
Excess Stadium District Sales Tax	157	-	157
Other Taxes	44,448	-	44,448
Federal and State Grants and Other Contributions not Restricted to Specific Functions	416,782	-	416,782
Interest and Investment Earnings	785,730	39,858	825,588
Miscellaneous	15,761	-	15,761
Transfers	(2,298,027)	2,298,027	-
Total General Revenues and Transfers	7,162,082	2,337,885	9,499,967
CHANGE IN NET POSITION	(247,421)	2,246,702	1,999,281
Net Position - Beginning of Year	(1,594,798)	30,141,635	28,546,837
NET POSITION - END OF YEAR	<u>\$ (1,842,219)</u>	<u>\$ 32,388,337</u>	<u>\$ 30,546,118</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Tax Incremental District #1
ASSETS				
Cash and Investments	\$ 3,620,419	\$ 888,950	\$ 1,700,985	\$ 9,041,455
Receivables:				
Taxes and Special Charges	1,543,429	493,263	352,094	2,042,476
Delinquent Taxes	17,840	-	-	-
Accounts	137,802	-	4,550	-
Special Assessments	-	-	-	-
Loans	-	-	-	2,612,645
Prepaid Items	48,875	-	-	-
	<u>\$ 5,368,365</u>	<u>\$ 1,382,213</u>	<u>\$ 2,057,629</u>	<u>\$ 13,696,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 138,765	\$ -	\$ 1,011,911	\$ 129,177
Accrued and Other Current Liabilities	130,473	-	-	859
Special Deposits	1,096	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>270,334</u>	<u>-</u>	<u>1,011,911</u>	<u>130,036</u>
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	3,134,292	1,014,891	724,434	4,202,399
Loans Receivable	-	-	-	1,481,395
Delinquent Taxes	17,840	-	-	-
Total Deferred Inflows of Resources	<u>3,152,132</u>	<u>1,014,891</u>	<u>724,434</u>	<u>5,683,794</u>
Fund Balances:				
Nonspendable	48,875	-	-	-
Restricted	-	367,322	-	6,734,990
Committed	-	-	-	-
Assigned	-	-	321,284	1,147,756
Unassigned	1,897,024	-	-	-
Total Fund Balances	<u>1,945,899</u>	<u>367,322</u>	<u>321,284</u>	<u>7,882,746</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,368,365</u>	<u>\$ 1,382,213</u>	<u>\$ 2,057,629</u>	<u>\$ 13,696,576</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2025**

	Tax Incremental District #2	Nonmajor Governmental Funds	Total
ASSETS			
Cash and Investments	\$ 4,256,087	\$ 528,023	\$ 20,035,919
Receivables:			
Taxes and Special Charges	1,170,481	-	5,601,743
Delinquent Taxes	-	-	17,840
Accounts	-	164	142,516
Special Assessments	-	3,150	3,150
Loans	-	-	2,612,645
Prepaid Items	-	6,562	55,437
	<u>\$ 5,426,568</u>	<u>\$ 537,899</u>	<u>\$ 28,469,250</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 703,906	\$ 72,417	\$ 2,056,176
Accrued and Other Current Liabilities	859	-	132,191
Special Deposits	-	-	1,096
Unearned Revenues	-	13,165	13,165
Total Liabilities	<u>704,765</u>	<u>85,582</u>	<u>2,202,628</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	2,408,268	-	11,484,284
Loans Receivable	-	-	1,481,395
Delinquent Taxes	-	-	17,840
Total Deferred Inflows of Resources	<u>2,408,268</u>	<u>-</u>	<u>12,983,519</u>
Fund Balances:			
Nonspendable	-	6,562	55,437
Restricted	2,313,535	338,416	9,754,263
Committed	-	107,339	107,339
Assigned	-	-	1,469,040
Unassigned	-	-	1,897,024
Total Fund Balances	<u>2,313,535</u>	<u>452,317</u>	<u>13,283,103</u>
	<u>\$ 5,426,568</u>	<u>\$ 537,899</u>	<u>\$ 28,469,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances			
	<u>\$ 5,426,568</u>	<u>\$ 537,899</u>	<u>\$ 28,469,250</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 13,283,103
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.	32,051,663
Assets held for resale in governmental activities is not a current financial resource and therefore are not reported in the funds.	924,302
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	
Delinquent Taxes and Special Assessments	17,840
Loan Receivable	1,481,395
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred Outflows Related to Pensions	1,351,390
Deferred Inflows Related to Pensions	(683,093)
Deferred Outflows Related to Other Postemployment Benefits	115,470
Deferred Inflows Related to Other Postemployment Benefits	(129,250)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(47,921,679)
Lease Liability	(285,903)
Subscription Liability	(369,426)
Premium on Debt	(677,678)
Compensated Absences	(102,984)
Net Pension Liability	(227,048)
Net Other Postemployment Benefit Liability	(189,857)
Accrued Interest on Long-Term Obligations	(480,464)
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ (1,842,219)</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Tax Incremental District #1
REVENUES				
Taxes	\$ 2,110,134	\$ 664,572	\$ 842,655	\$ 3,082,114
Excess Stadium District Sales Tax	-	157	-	-
Intergovernmental	1,054,316	-	51,808	18,730
Licenses and Permits	201,331	-	-	-
Fines and Forfeits	50,675	-	-	-
Public Charges for Services	86,946	-	-	-
Intergovernmental Charges for Services	845,278	-	88,530	-
Miscellaneous	200,655	31,924	24,726	568,358
Total Revenues	<u>4,549,335</u>	<u>696,653</u>	<u>1,007,719</u>	<u>3,669,202</u>
EXPENDITURES				
Current:				
General Government	961,289	1,000	-	80,269
Public Safety	3,001,536	-	-	-
Public Works	552,992	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	146,044	-	-	724,000
Debt Service:				
Principal	-	730,000	110,236	2,750,563
Interest and Fiscal Charges	-	290,976	33,085	776,893
Capital Outlay	-	-	1,910,778	441,881
Total Expenditures	<u>4,661,861</u>	<u>1,021,976</u>	<u>2,054,099</u>	<u>4,773,606</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(112,526)	(325,323)	(1,046,380)	(1,104,404)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	148,250	-
Lease Proceeds	-	-	142,502	-
Subscription Proceeds	-	-	391,426	-
Transfers In	70,694	-	451,065	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>70,694</u>	<u>-</u>	<u>1,133,243</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(41,832)	(325,323)	86,863	(1,104,404)
Fund Balances - Beginning of Year	<u>1,987,731</u>	<u>692,645</u>	<u>234,421</u>	<u>8,987,150</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,945,899</u>	<u>\$ 367,322</u>	<u>\$ 321,284</u>	<u>\$ 7,882,746</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	Tax Incremental District #2	Nonmajor Governmental Funds	Total
REVENUES			
Taxes	\$ 1,507,528	\$ 2,958	\$ 8,209,961
Excess Stadium District Sales Tax	-	-	157
Intergovernmental	15,491	48,984	1,189,329
Licenses and Permits	-	40,495	241,826
Fines and Forfeits	-	-	50,675
Public Charges for Services	-	449,880	536,826
Intergovernmental Charges for Services	-	-	933,808
Miscellaneous	224,658	96,907	1,147,228
Total Revenues	<u>1,747,677</u>	<u>639,224</u>	<u>12,309,810</u>
EXPENDITURES			
Current:			
General Government	70,030	1,169	1,113,757
Public Safety	-	120,972	3,122,508
Public Works	-	467,404	1,020,396
Culture and Recreation	-	298,481	298,481
Conservation and Development	812,800	-	1,682,844
Debt Service:			
Principal	1,089,940	-	4,680,739
Interest and Fiscal Charges	427,622	-	1,528,576
Capital Outlay	4,025,451	-	6,378,110
Total Expenditures	<u>6,425,843</u>	<u>888,026</u>	<u>19,825,411</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,678,166)	(248,802)	(7,515,601)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	-	-	148,250
Lease Proceeds	-	-	142,502
Subscription Proceeds	-	-	391,426
Transfers In	-	-	521,759
Transfers Out	-	(19,552)	(19,552)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(19,552)</u>	<u>1,184,385</u>
NET CHANGE IN FUND BALANCES	(4,678,166)	(268,354)	(6,331,216)
Fund Balances - Beginning of Year	<u>6,991,701</u>	<u>720,671</u>	<u>19,614,319</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,313,535</u>	<u>\$ 452,317</u>	<u>\$ 13,283,103</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ (6,331,216)

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 Expenditures in Governmental Fund Statements	6,428,793
Depreciation/Amortization Expense Reported in the Statement of Activities	(1,272,381)
Net Capital Assets Transferred to Water, Sewer, Stormwater Funds	(2,800,234)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

Delinquent Taxes and Special Assessments	(2,965)
Loans Receivable	(275,000)

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	(148,250)
Lease Proceeds	(142,502)
SBITA Proceeds	(391,426)
Principal Repaid	4,570,503
Leases Repaid	88,236
SBITAs Repaid	22,000

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	33,793
Amortization of Premiums	156,722
Compensated Absences	(102,984)
Net Pension Asset (Liability)	(40,525)
Deferred Outflows of Resources Related to Pensions	(343,516)
Deferred Inflows of Resources Related to Pensions	325,048
Net Other Postemployment Benefits Liability	445
Deferred Outflows of Resources Related to Other Postemployment Benefits	9,751
Deferred Inflows of Resources Related to Other Postemployment Benefits	<u>(31,713)</u>

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ (247,421)</u>
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**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025**

	Budget		2025 Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,108,090	\$ 2,128,851	\$ 2,110,134	\$ (18,717)
Intergovernmental	991,983	1,046,465	1,054,316	7,851
Licenses and Permits	120,651	198,112	201,331	3,219
Fines and Forfeits	72,500	50,675	50,675	-
Public Charges for Services	76,000	86,946	86,946	-
Intergovernmental Charges for Services	899,211	845,278	845,278	-
Miscellaneous	178,800	200,655	200,655	-
Total Revenues	<u>4,447,235</u>	<u>4,556,982</u>	<u>4,549,335</u>	<u>(7,647)</u>
EXPENDITURES				
Current:				
General Government	876,486	949,523	961,289	(11,766)
Public Safety	2,932,698	2,979,439	3,001,536	(22,097)
Public Works	571,336	552,187	552,992	(805)
Conservation and Development	138,960	143,471	146,044	(2,573)
Total Expenditures	<u>4,519,480</u>	<u>4,624,620</u>	<u>4,661,861</u>	<u>(37,241)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(72,245)	(67,638)	(112,526)	(44,888)
OTHER FINANCING SOURCES				
Transfers In	<u>72,245</u>	<u>67,638</u>	<u>70,694</u>	<u>3,056</u>
NET CHANGE IN FUND BALANCE	-	-	(41,832)	(41,832)
Fund Balance - Beginning of Year	<u>1,987,731</u>	<u>1,987,731</u>	<u>1,987,731</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,987,731</u></u>	<u><u>\$ 1,987,731</u></u>	<u><u>\$ 1,945,899</u></u>	<u><u>\$ (41,832)</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025**

	Water Utility	Sewer Utility	Storm Water Utility	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 402,541	\$ 970,302	\$ 443,608	\$ 1,816,451
Customer Accounts	245,771	439,442	-	685,213
Special Assessments	-	-	4,734	4,734
Leases	21,377	-	-	21,377
Total Current Assets	<u>669,689</u>	<u>1,409,744</u>	<u>448,342</u>	<u>2,527,775</u>
Other Assets:				
Special Assessments	118,216	-	-	118,216
Capital Assets:				
Nondepreciable	232,521	542,384	49,574	824,479
Depreciable	13,309,549	9,844,828	8,667,943	31,822,320
Total Capital Assets	<u>13,542,070</u>	<u>10,387,212</u>	<u>8,717,517</u>	<u>32,646,799</u>
Total Assets	14,329,975	11,796,956	9,165,859	35,292,790
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Amounts	50,684	47,700	48,534	146,918
Other Postemployment Related Amounts	4,500	4,037	4,122	12,659
Total Deferred Outflows of Resources	<u>55,184</u>	<u>51,737</u>	<u>52,656</u>	<u>159,577</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	105,187	183,367	11,603	300,157
Accrued and Other Current Liabilities	5,182	5,148	4,902	15,232
Accrued Interest	7,759	24,253	5,044	37,056
Special Deposits	-	8,500	-	8,500
Current Portion of Long-Term Debt	365,802	208,668	33,750	608,220
Current Portion of Compensated Absences	1,282	1,693	1,473	4,448
Total Current Liabilities	<u>485,212</u>	<u>431,629</u>	<u>56,772</u>	<u>973,613</u>
Long-Term Obligations, Less Current Portion:				
General Obligation Debt	458,974	821,877	214,500	1,495,351
Compensated Absences	3,847	5,077	4,418	13,342
Notes Payable	-	426,368	-	426,368
Net Pension Liability	8,668	7,935	8,093	24,696
Net Other Postemployment Benefits	7,399	6,638	6,777	20,814
Total Long-Term Liabilities	<u>478,888</u>	<u>1,267,895</u>	<u>233,788</u>	<u>1,980,571</u>
Total Liabilities	964,100	1,699,524	290,560	2,954,184
DEFERRED INFLOWS OF RESOURCES				
Pension Related Amounts	26,078	23,872	24,349	74,299
Other Postemployment Related Amounts	5,037	4,519	4,614	14,170
Leases	21,377	-	-	21,377
Total Deferred Inflows of Resources	<u>52,492</u>	<u>28,391</u>	<u>28,963</u>	<u>109,846</u>
NET POSITION				
Net Investment in Capital Assets	12,717,294	8,930,299	8,469,267	30,116,860
Unrestricted	651,273	1,190,479	429,725	2,271,477
Total Net Position	<u>\$ 13,368,567</u>	<u>\$ 10,120,778</u>	<u>\$ 8,898,992</u>	<u>\$ 32,388,337</u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF HOBART, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Water Utility	Sewer Utility	Storm Water Utility	Total
OPERATING REVENUES				
Charges for Services	\$ 1,282,000	\$ 1,918,482	\$ 504,250	\$ 3,704,732
Other	40,806	32,119	-	72,925
Total Operating Revenues	<u>1,322,806</u>	<u>1,950,601</u>	<u>504,250</u>	<u>3,777,657</u>
OPERATING EXPENSES				
Operation and Maintenance	1,069,922	1,420,228	304,606	2,794,756
Depreciation	390,936	347,092	239,862	977,890
Taxes	4,794	14,583	9,525	28,902
Total Operating Expenses	<u>1,465,652</u>	<u>1,781,903</u>	<u>553,993</u>	<u>3,801,548</u>
OPERATING INCOME (LOSS)	(142,846)	168,698	(49,743)	(23,891)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	11,084	7,565	21,209	39,858
Interest and Fiscal Charges	(17,946)	(43,511)	(5,835)	(67,292)
Total Nonoperating Revenues (Expenses)	<u>(6,862)</u>	<u>(35,946)</u>	<u>15,374</u>	<u>(27,434)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(149,708)	132,752	(34,369)	(51,325)
Capital Contributions	644,266	226,177	1,498,278	2,368,721
Transfers Out	(70,694)	-	-	(70,694)
CHANGE IN NET POSITION	423,864	358,929	1,463,909	2,246,702
Net Position - Beginning of Year	<u>12,944,703</u>	<u>9,761,849</u>	<u>7,435,083</u>	<u>30,141,635</u>
NET POSITION - END OF YEAR	<u>\$ 13,368,567</u>	<u>\$ 10,120,778</u>	<u>\$ 8,898,992</u>	<u>\$ 32,388,337</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Water Utility	Sewer Utility	Storm Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,320,945	\$ 1,936,847	\$ 506,304	\$ 3,764,096
Cash Paid for Employee Wages and Benefits	(131,650)	(144,210)	(186,713)	(462,573)
Cash Paid to Suppliers	(904,679)	(1,275,010)	(122,970)	(2,302,659)
Net Cash Provided by Operating Activities	<u>284,616</u>	<u>517,627</u>	<u>196,621</u>	<u>998,864</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer Out	(70,694)	-	-	(70,694)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(157,212)	(143,838)	(397,506)	(698,556)
Proceeds of Long-Term Debt	148,250	148,250	148,250	444,750
Principal Paid on Long-Term Debt	(348,540)	(350,307)	(25,000)	(723,847)
Interest Paid on Long-Term Debt	(22,177)	(49,714)	(1,250)	(73,141)
Net Cash Used by Capital and Related Financing Activities	<u>(379,679)</u>	<u>(395,609)</u>	<u>(275,506)</u>	<u>(1,050,794)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	11,084	7,565	21,209	39,858
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS				
	(154,673)	129,583	(57,676)	(82,766)
Cash and Investments - Beginning of Year	<u>557,214</u>	<u>840,719</u>	<u>501,284</u>	<u>1,899,217</u>
CASH AND INVESTMENTS - END OF YEAR	<u><u>\$ 402,541</u></u>	<u><u>\$ 970,302</u></u>	<u><u>\$ 443,608</u></u>	<u><u>\$ 1,816,451</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (142,846)	\$ 168,698	\$ (49,743)	\$ (23,891)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	390,936	347,092	239,862	977,890
Depreciation Charged to Sewer Utility	18,887	(18,887)	-	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Deferred Outflows - Pension Related	12,495	7,021	7,539	27,055
Net Pension Liability	1,728	1,934	1,970	5,632
Other Postemployment Benefits:				
Deferred Outflows - OPEB Related	(137)	(159)	(405)	(701)
Net OPEB Liability	(456)	(343)	87	(712)
Deferred Inflows - OPEB Related	1,011	941	1,185	3,137
Change in Operating Assets and Liabilities:				
Accounts Receivables	(1,861)	(13,754)	2,054	(13,561)
Accounts Payable	9,230	25,249	(4,536)	29,943
Accrued and Other Current Liabilities	1,930	1,626	1,460	5,016
Compensated Absences	5,129	6,770	5,891	17,790
Net Cash Provided by Operating Activities	<u><u>\$ 284,616</u></u>	<u><u>\$ 517,627</u></u>	<u><u>\$ 196,621</u></u>	<u><u>\$ 998,864</u></u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION				
Cash and Investments in Current Assets	<u><u>\$ 402,541</u></u>	<u><u>\$ 970,302</u></u>	<u><u>\$ 443,608</u></u>	<u><u>\$ 1,816,451</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Assets Contributed by Village	<u><u>\$ 644,266</u></u>	<u><u>\$ 226,177</u></u>	<u><u>\$ 1,498,278</u></u>	<u><u>\$ 2,368,721</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2025**

	Tax Collection Custodial Fund
ASSETS	
Cash and Investments	\$ 6,250,955
Property Taxes Receivable	5,928,351
Total Assets	12,179,306
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Period	12,179,306
 NET POSITION	
Restricted for Other Governments	\$ -

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF HOBART, WISCONSIN
 STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUND
 YEAR ENDED DECEMBER 31, 2025**

	<u>Tax Collection Custodial Fund</u>
ADDITIONS	
Property Tax Collections	\$ 12,549,821
DEDUCTIONS	
Payments to Taxing Jurisdictions	<u>12,549,821</u>
CHANGE IN NET POSITION	-
Net Position - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 (U.S. 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 U.S. GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. Government-Wide and Fund Financial Statements

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

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Village reports the following major governmental funds:

General Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Tax Incremental District #1 Capital Projects Fund

This fund accounts for the resources accumulated and payments made for the development of the Centennial Centre project which is located in Tax Incremental District #1.

Tax Incremental District #2 Capital Projects Fund

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

The Village reports the following major enterprise funds:

Water Utility Fund

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

Sewer Utility Fund

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

Storm Water Utility Fund

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

The Village also reports the following fiduciary fund:

Custodial Fund

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments

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

2. Property Taxes and Special Charges Receivable

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

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

3. Accounts Receivable

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

4. Loans Receivable

The Village has invested resources to promote development and has passed the funds to various developers in the form of loans. The Village records a loan receivable and an expenditure when the loan has been made and the funds are disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the Village records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. The total loans receivable which are not expected to be collected within one year is \$1,481,395.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments is recognized when levied. (Installments placed on the 2024 tax roll are recognized as revenue in 2025.) Special assessments are subject to collection procedures.

6. Interfund Receivables and Payables

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

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

7. Prepaid Items

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

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

8. Capital Assets

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Capital Assets (Continued)

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

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

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-based information technology arrangement (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

9. Assets Held for Resale

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

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources are a consumption of net assets that applies to a future period and will not be recognized as an outflow (expense/expenditures) of resources until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 3H and 3J.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Deferred Outflows/Inflows of Resources (Continued)

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.

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements, the Village's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 3H and 3J. The statement of net position and the proprietary fund statement of net position also report a deferred inflow of resources related to leases. The corresponding lease receivable plus any payments received at or before the state of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The Village has reported deferred inflows of resources related to unavailable revenues for property taxes, grants, and special assessments. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Long-Term Obligations (Continued)

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

12. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

13. Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. 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 accrual basis of accounting. This includes for purposes of measuring the following:

- Net OPEB Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, and
- OPEB Expense (Revenue).

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 the 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.

15. Fund Balance

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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Fund Balance (Continued)

Governmental Fund Financial Statements (Continued)

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

Net position is displayed in three components:

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

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

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

E. Use of Estimates

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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's General Fund expenditures exceeded final budgeted amounts by \$37,241.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

B. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts had actual expenditures in excess of budget appropriations for the year ended December 31, 2025, as follows:

Fund	Excess Expenditures
General Fund:	
Village Board	\$ 100
Village Administration	1,607
Village Clerk	3,088
Economic Development	283
Elections	507
General Contingency	6,181
Public Safety:	
Police Department	7,861
Fire Protection	14,236
Public Works:	
Highway Administration	805
Conservation and Development:	
Neighborhood Services	2,573
Tax Incremental District # 1:	
Debt Service:	
Principal	592,140
Interest	36,429
Capital Outlay	441,881
Capital Projects Fund:	
Debt Service:	
Principal	110,236
Interest	28,672
Capital Outlay	1,158,962
Tax Incremental District # 2:	
General Government	9,904
Conservation and Development	272,374
Capital Outlay	4,025,451

C. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2025 and 2026 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 2025 budget was 3.207%. The actual limit for the Village for the 2026 budget was 3.675%. Debt service for debt authorized after July 1, 2005, is exempt from the levy limit. In addition, Wisconsin Statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005, and in certain other situations.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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 \$28,103,325 on December 31, 2025, as summarized below:

Deposits with Financial Institutions	\$ 15,741,661
Investments:	
Wisconsin Local Government Investment Pool	792,571
Wisconsin Investment Series Cooperative (WISC):	
Investment Series	1,024,194
Cash Management Series	72,813
U.S. Treasury Notes	610,379
Federal Agency Securities	504,145
Corporate Bonds and Notes	151,934
State and Municipal Bonds	629,622
Negotiable Certificates of Deposits	1,146,417
Money Market Funds/Cash	7,429,589
Total	<u><u>\$ 28,103,325</u></u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 21,852,370
Fiduciary Fund Statement of Net Position	
Cash and Investments	6,250,955
Total	<u><u>\$ 28,103,325</u></u>

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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The Village has the following fair value measurements as of December 31, 2025.

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
U.S. Treasury Notes	\$ 610,379	\$ -	\$ -
Federal Agency Securities	51,296	452,849	-
Corporate Bonds and Notes	151,934	-	-
State and Municipal Bonds	-	629,622	-
Negotiable Certificates of Deposits	-	1,146,417	-
Total	<u>\$ 813,609</u>	<u>\$ 2,228,888</u>	<u>\$ -</u>

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. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$1,000,000 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, 2025, \$1,709,277 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized. A majority of the uninsured deposits are due to advance tax collections that will be remitted to other local governments in January 2026.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Credit Risk

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

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

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
U.S. Treasury Notes	\$ 610,379	\$ 610,379	\$ -	\$ -	\$ -
Federal Agency Securities	504,144	-	-	454,749	49,395
Corporate Bonds and Notes	151,935	-	52,306	99,629	-
State and Municipal Bonds	629,622	-	97,494	253,426	278,702
Negotiable Certificates of Deposit	1,146,417	-	-	-	1,146,417
Wisconsin Local Government Investment Pool	792,571	-	-	-	792,571
WISC:					
Cash Management Series	72,813	-	72,813	-	-
Investment Series	1,024,194	-	1,024,194	-	-
Totals	<u>\$ 4,932,075</u>	<u>\$ 610,379</u>	<u>\$ 1,246,807</u>	<u>\$ 807,804</u>	<u>\$ 2,267,085</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2025, the Wisconsin local government investment pool had a weighted average maturity of 13 days.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 610,379	\$ 304,495	\$ 76,369	\$ 229,515	\$ -
Federal Agency Securities	504,145	100,692	100,795	302,658	-
Corporate Bonds and Notes	151,934	49,932	49,696	52,306	-
State and Municipal Bonds	629,622	200,595	174,610	254,417	-
Negotiable Certificates of Deposit	1,146,417	1,146,417	-	-	-
Wisconsin Local Government Investment Pool	792,571	792,571	-	-	-
WISC:					
Cash Management Series	72,813	72,813	-	-	-
Investment Series	1,024,194	1,024,194	-	-	-
Totals	<u>\$ 4,932,075</u>	<u>\$ 3,691,709</u>	<u>\$ 401,470</u>	<u>\$ 838,896</u>	<u>\$ -</u>

The Village has investments in the Wisconsin local government investment pool of \$792,571 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, 2025, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

The Village has investments in the Wisconsin Investment Series Cooperative (WISC) of \$1,097,007 at year-end consisting of \$72,813 invested in the Cash Management Series and \$1,024,194 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. The Investment Series and Cash Management Series have received a credit rating of AAA by a nationally recognized statistical rating organization.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk (Continued)

State statutes authorize the Village to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United States Government, or agreements to repurchase these same obligations, negotiable and non-negotiable certificates of deposit, municipal bonds, commercial paper, corporate bonds, and local government external investment pools.

B. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Governmental Activities:					
Capital Assets, Nondepreciable:					
Land	\$ 4,774,144	\$ -	\$ -	\$ -	\$ 4,774,144
Construction in Progress	1,118,734	2,443,950	1,118,734	(2,368,721)	75,229
Total Capital Assets, Nondepreciable	5,892,878	2,443,950	1,118,734	(2,368,721)	4,849,373
Capital Assets, Depreciated and Amortized:					
Land Improvements	2,150,353	275,457	-	-	2,425,810
Buildings and Improvements	7,389,121	30,233	-	(431,513)	6,987,841
Machinery and Equipment	3,806,755	480,419	-	-	4,287,174
Right-to-Use Assets	295,456	142,502	14,934	-	423,024
Subscription Asset	-	391,426	-	-	391,426
Infrastructure	18,307,647	3,783,540	-	-	22,091,187
Subtotals	31,949,332	5,103,577	14,934	(431,513)	36,606,462
Less: Accumulated Depreciation for:					
Land Improvements	339,328	92,627	-	-	431,955
Buildings and Improvements	1,065,803	160,997	-	-	1,226,800
Machinery and Equipment	2,246,681	276,043	-	-	2,522,724
Right-to-Use Assets	67,415	91,688	14,934	-	144,169
Subscription Asset	-	39,143	-	-	39,143
Infrastructure	4,427,498	611,883	-	-	5,039,381
Subtotals	8,146,725	1,272,381	14,934	-	9,404,172
Total Capital Assets, Depreciable, Net	23,802,607	3,831,196	-	(431,513)	27,202,290
Governmental Activities Capital Assets, Net	<u>\$ 29,695,485</u>	<u>\$ 6,275,146</u>	<u>\$ 1,118,734</u>	<u>\$ (2,800,234)</u>	32,051,663
Less: Capital Related Debt					32,161,202
Add: Unspent Bond Proceeds					4,749,974
Less: Debt Premium					552,560
Less: Accounts Payable					1,612,419
Less: Lease Liabilities					285,903
Less: SBITA Liabilities					369,426
Net Investment in Capital Assets					<u>\$ 1,820,127</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Business-Type Activities:					
Capital Assets, Nondepreciable:					
Land	\$ 114,692	\$ -	\$ -	\$ -	\$ 114,692
Assets Held for Future Use	508,671	-	-	-	508,671
Construction in Progress	324,351	173,592	296,827	-	201,116
Total Capital Assets, Nondepreciable	947,714	173,592	296,827	-	824,479
Capital Assets, Depreciated:					
Buildings and Improvements	36,926,108	390,278	216	2,800,234	40,116,404
Machinery and Equipment	6,333,648	-	-	-	6,333,648
Subtotals	43,259,756	390,278	216	2,800,234	46,450,052
Less: Accumulated Depreciation for:					
Buildings and Improvements	10,369,992	555,654	216	-	10,925,430
Machinery and Equipment	3,280,066	422,236	-	-	3,702,302
Subtotals	13,650,058	977,890	216	-	14,627,732
Total Capital Assets, Depreciated, Net	29,609,698	(587,612)	-	2,800,234	31,822,320
Business-Type Activities Capital Assets, Net	<u>\$ 30,557,412</u>	<u>\$ (414,020)</u>	<u>\$ 296,827</u>	<u>\$ 2,800,234</u>	32,646,799
Less: Capital Related Debt					2,521,712
Less: Debt Premium					<u>8,227</u>
Net Investment in Capital Assets					<u>\$ 30,116,860</u>

Of the amounts reported as capital assets transferred from governmental activities to business-type activities, \$431,513 represents capital assets for which the enterprise funds reimbursed the Capital Projects fund.

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

Governmental Activities:	
General Government	\$ 32,943
Public Safety	451,601
Public Works	486,960
Culture and Recreation	6,685
Conservation and Development	294,192
Total Depreciation Expense - Governmental Activities	<u>\$ 1,272,381</u>
Business-Type Activities:	
Water Utility	\$ 409,822
Sewer Utility	328,205
Storm Water Management	239,863
Total Depreciation Expense - Business-Type Activities	<u>\$ 977,890</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Transfers

Interfund transfers for the year ended December 31, 2025, were as follows:

Funds	Transfer In	Transfer Out
General	\$ 70,694	\$ -
Capital Projects	451,065	-
Water Utility	-	70,694
ARPA	-	19,552
Total	\$ 521,759	90,246
Elimination of Governmental Funds		502,207
Transfer of Capital Assets to Water, Sewer, and Storm Funds		(2,800,234)
Transfers - Government-Wide Financial Statements		\$ (2,298,027)

Interfund transfers were made for the following purposes:

Tax Equivalent Payment Made by Water	
Utility to General Fund	\$ 70,694
Water transfer for Capital Projects	143,838
Sewer transfer for Capital Projects	143,838
Storm transfer for Capital Projects	143,837
ARPA transfer for Capital Projects	19,552
Total	\$ 521,759

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

Tax Equivalent Payment Made by Water	
Utility to General Fund	\$ 70,694
Water Transfer for Capital Projects	143,838
Sewer Transfer for Capital Projects	143,838
Storm Transfer for Capital Projects	143,837
Utility Capital Assets Financed by Tax Incremental Districts	(2,800,234)
Total Governmental Activities	\$ (2,298,027)

D. Short-Term Obligations

The following is a summary of changes in short-term obligations of the Village for the year ended December 31, 2025:

	Beginning Balance	Issued	Retired	Ending Balance
Governmental Activities:				
General Obligation Debt:				
Direct Borrowing:				
Promissory Note Issued 12/2/24, interest at 6%, Maturity Date 7/1/25	\$ 525,000	\$ -	\$ 525,000	\$ -

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2025:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 19,045,000	\$ -	\$ 1,365,000	\$ 17,680,000	\$ 1,405,000
Notes	26,400,000	148,250	2,420,000	24,128,250	2,798,750
Direct Borrowings	1,071,079	-	73,363	997,716	75,931
Total General Obligation Debt	46,516,079	148,250	3,858,363	42,805,966	4,279,681
Revenue Bonds	2,185,000	-	120,000	2,065,000	125,000
Land Contract	3,642,853	-	592,140	3,050,713	598,061
Debt Premium	834,400	-	156,722	677,678	142,937
Lease Liability	231,637	142,502	88,236	285,903	105,482
Subscription Liability	-	391,426	22,000	369,426	33,704
Compensated Absences	-	102,984	-	102,984	25,746
Governmental Activities Long-Term Obligations	<u>\$ 53,409,969</u>	<u>\$ 785,162</u>	<u>\$ 4,837,461</u>	<u>\$ 49,357,670</u>	<u>\$ 5,310,611</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 125,000	\$ -	\$ 25,000	\$ 100,000	\$ 25,000
Notes	1,315,000	444,750	450,000	1,309,750	481,250
Direct Borrowings	437,843	-	58,540	379,303	59,828
Total General Obligation Debt	1,877,843	444,750	533,540	1,789,053	566,078
Debt Premium	18,711	-	10,485	8,226	4,926
Notes Payable from Direct Borrowing - GBMSD	922,967	-	190,307	732,660	37,216
Compensated Absences	-	17,790	-	17,790	4,448
Business-Type Activities Long-Term Obligations	<u>\$ 2,819,521</u>	<u>\$ 462,540</u>	<u>\$ 734,332</u>	<u>\$ 2,547,729</u>	<u>\$ 612,668</u>

Compensated absences are presented as a net change.

Total interest paid during the year on long-term debt totaled \$1,597,305.

State Trust Fund Loan

The Village's outstanding notes from direct borrowings related to the governmental activities of \$997,716 are subject to a statutory provision that in an event of late or nonpayment, a 1% per month penalty will be charged, and the payment will be collected through a reduction in payments from the state of Wisconsin.

Clean Water Fund Loan Programs

The Village's outstanding notes from direct borrowings related to business-type activities of \$379,303 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.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/25
Bonds:					
General Obligation Taxable Refunding Bonds	04/15/13	03/01/29	2.40 - 3.70%	\$ 6,450,000	\$ 2,415,000
General Obligation Refunding Bonds	01/28/14	03/01/29	2.70 - 3.80%	3,780,000	1,820,000
General Obligation Refunding Bonds	06/15/15	03/01/29	2.30 - 3.25%	1,090,000	515,000
General Obligation Refunding Bonds	06/15/15	03/01/32	3.00 - 4.20%	2,540,000	855,000
General Obligation Refunding Bonds	08/08/16	03/01/32	2.15 - 2.80%	1,790,000	1,010,000
General Obligation Corporate Purpose Bonds	07/14/20	03/01/35	1.00 - 2.00%	2,965,000	2,865,000
General Obligation Bonds	04/11/23	03/01/35	3.50 - 3.75%	3,500,000	3,500,000
General Obligation Bonds	04/11/23	03/01/43	4.00%	4,900,000	4,800,000
Notes:					
General Obligation Notes	08/01/17	03/01/27	2.00 - 2.25%	4,065,000	1,570,000
Taxable General Obligation Notes	08/28/18	05/01/28	3.00 - 3.40%	1,015,000	375,000
General Obligation Notes	07/14/20	09/01/29	1.25 - 1.45%	1,190,000	590,000
General Obligation Notes	05/11/21	03/01/31	1.05 - 2.00%	4,425,000	3,030,000
Taxable General Obligation Notes	05/11/21	03/01/31	0.15 - 1.75%	2,340,000	1,235,000
General Obligation Promissory Note	04/27/22	09/01/32	2.75 - 3.00%	7,565,000	6,995,000
General Obligation Note with Refunding	04/27/22	09/01/32	2.75 - 3.00%	895,000	540,000
General Obligation Notes	03/05/24	03/01/32	1.00 - 4.00%	10,000,000	9,210,000
Taxable General Obligation Notes	03/05/24	03/01/32	4.50 - 5.50%	1,450,000	1,300,000
General Obligation Promissory Note	03/04/25	03/01/35	4.75%	593,000	593,000
Direct Borrowings:					
Clean Water Fund Bonds	07/27/11	05/01/31	2.20%	1,123,268	379,303
State Trust Fund Bonds	10/26/16	03/15/36	3.50%	1,500,000	997,716
Total Outstanding General Obligation Debt					<u>\$ 44,595,019</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$44,595,019 on December 31, 2025, are detailed below:

Year Ended December 31,	Governmental Activities					
	Bonds and Notes		Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 4,203,750	\$ 1,242,723	\$ 75,931	\$ 34,920	\$ 4,279,681	\$ 1,277,643
2027	4,647,720	1,102,514	78,589	32,262	4,726,309	1,134,776
2028	4,963,340	947,594	81,259	29,593	5,044,599	977,187
2029	6,288,990	769,201	84,183	26,668	6,373,173	795,869
2030	4,474,670	597,838	87,130	23,721	4,561,800	621,559
2031 - 2035	14,444,780	1,230,439	483,531	70,725	14,928,311	1,301,164
2036 - 2040	1,630,000	399,600	107,093	3,759	1,737,093	403,359
2041 - 2043	1,155,000	70,500	-	-	1,155,000	70,500
Total	<u>\$ 41,808,250</u>	<u>\$ 6,360,409</u>	<u>\$ 997,716</u>	<u>\$ 221,648</u>	<u>\$ 42,805,966</u>	<u>\$ 6,582,057</u>

Year Ended December 31,	Business-Type Activities					
	Bonds and Notes		Direct Borrowing		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 506,250	\$ 48,551	\$ 59,828	\$ 7,687	\$ 566,078	\$ 56,238
2027	198,280	29,488	61,145	6,356	259,425	35,844
2028	199,660	23,644	62,490	4,996	262,150	28,640
2029	207,010	17,435	63,864	3,606	270,874	21,041
2030	44,330	13,128	65,270	2,185	109,600	15,313
2031 - 2033	254,220	31,327	66,706	734	320,926	32,061
Total	<u>\$ 1,409,750</u>	<u>\$ 163,573</u>	<u>\$ 379,303</u>	<u>\$ 25,564</u>	<u>\$ 1,789,053</u>	<u>\$ 189,137</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, 2025, was \$39,265,476 as follows:

Equalized Valuation of the Village	\$ 1,677,209,900
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	83,860,495
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>44,595,019</u>
Legal Margin for New Debt	<u>\$ 39,265,476</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Notes Payable – Green Bay Metropolitan Sewerage District (GBMSD)

Annual principal and interest maturities of the outstanding notes payable to GBMSD of \$732,660 on December 31, 2025, are detailed below:

<u>Year Ended December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 37,216	\$ 19,782	\$ 56,998
2027	38,221	18,777	56,998
2028	39,253	17,745	56,998
2029	40,313	16,685	56,998
2030	41,401	15,597	56,998
2031 - 2035	224,391	60,600	284,991
2036 - 2040	256,365	28,627	284,992
2041	55,500	1,498	56,998
Total	<u>\$ 732,660</u>	<u>\$ 179,311</u>	<u>\$ 911,971</u>

Land Contract

Land contract outstanding on December 31, 2025, totaled \$3,050,713 and was comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/25</u>
Land Contract	09/23/20	09/23/30	1.00%	\$ 5,818,310	\$ 3,050,713

Annual principal and interest maturities of the outstanding land contract of \$3,050,713 on December 31, 2025, are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 598,061	\$ 30,507	\$ 628,568
2027	604,042	24,526	628,568
2028	610,082	18,486	628,568
2029	616,183	12,385	628,568
2030	622,345	6,223	628,568
Total	<u>\$ 3,050,713</u>	<u>\$ 92,127</u>	<u>\$ 3,142,840</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2025, totaled \$2,065,000 and were comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/25</u>
Revenue Bond	08/07/18	05/01/38	3.25 - 3.50%	\$ 2,715,000	\$ 2,065,000

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenue Bonds (Continued)

Annual principal and interest maturities of the outstanding revenue bonds of \$2,065,000 on December 31, 2025, are detailed below:

<u>Year Ended December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 125,000	\$ 67,094	\$ 192,094
2027	130,000	62,950	192,950
2028	135,000	58,644	193,644
2029	140,000	54,175	194,175
2030	145,000	49,544	194,544
2031 - 2035	815,000	170,630	985,630
2036 - 2038	575,000	30,666	605,666
Total	<u>\$ 2,065,000</u>	<u>\$ 493,703</u>	<u>\$ 2,558,703</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
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Revenues Pledged (Continued)

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	\$ 1,282,000
Other	40,806
Total Operating Revenues	1,322,806
Less: Operating Expenses, Less Depreciation	1,074,716
Net Customer Revenues	248,090
Tax Increments	191,075
Total Pledged Revenues	\$ 439,165
Debt Service:	
Principal	\$ 120,000
Interest	71,075
Total Debt Service	\$ 191,075
Remaining Principal and Interest	\$ 2,558,703

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Leases Payable

The Village leases vehicles under long-term, noncancelable lease agreements. The leases expire at various dates through 2030.

Total principal and interest costs for such leases for governmental funds were \$99,804 for the year ended December 31, 2025. The future minimum lease payments for these agreements are as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Totals
2026	\$ 105,482	\$ 11,162	\$ 116,644
2027	81,684	6,751	88,435
2028	61,463	3,104	64,567
2029	28,466	1,156	29,622
2030	8,808	117	8,925
Total	<u>\$ 285,903</u>	<u>\$ 22,290</u>	<u>\$ 308,193</u>

G. Subscription-Based Information Technology Arrangements

The Village has entered into a subscription based-information technology arrangements (SBITAs) for a police body camera subscription agreement. The SBITA arrangement expires in 2035 and provides for renewal options.

As of December 31, 2025, SBITA asset and the related accumulated amortization totaled \$391,426 and \$39,143, respectively.

The future subscription payments under SBITA agreements are as follows:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Totals
2026	\$ 33,704	\$ 15,544	\$ 49,248
2027	35,340	13,908	49,248
2028	37,056	12,192	49,248
2029	38,855	10,393	49,248
2030	40,741	8,507	49,248
2031 - 2035	183,730	13,264	196,994
Total	<u>\$ 369,426</u>	<u>\$ 73,808</u>	<u>\$ 443,234</u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan

1. Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

2. Vesting

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.

3. Benefits Provided

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

3. Benefits Provided (Continued)

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.

4. Postretirement Adjustments

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

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2015	2.9	20
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15
2023	1.6	(21)
2024	3.6	15

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

5. Contributions

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

During the year ended December 31, 2025, the WRS recognized \$259,267 in contributions from the Village.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.95%	6.95%
Protective with Social Security	6.95%	14.95%
Protective without Social Security	6.95%	18.95%

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

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

At December 31, 2025, the Village reported a liability of \$251,744 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. 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 liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the Village's proportion was 0.01532070%, which was an increase of 0.00149323% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Village recognized pension expense of \$330,349.

At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 781,804	\$ 734,651
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	382,539	-
Changes in Assumptions	74,698	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	22,741
Employer Contributions Subsequent to the Measurement Date	259,267	-
Total	\$ 1,498,308	\$ 757,392

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

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

\$259,267 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as an addition to the net pension liability in the year ended December 31, 2026. 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>
2026	\$ 142,510
2027	514,908
2028	(133,618)
2029	(42,151)
Total	\$ 481,649

7. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability:	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

7. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021, to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including seniority (merit) and separation rates. The total pension liability for December 31, 2024, is based upon a roll-forward of the liability calculated from the December 31, 2023, 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 geometric real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Public Equity	38.0%	7.0%	4.3%
Public Fixed Income	27.0%	6.1%	3.4%
Inflation Sensitive	19.0%	4.8%	2.1%
Real Estate	8.0%	6.5%	3.8%
Private Equity/Debt	20.0%	9.5%	6.7%
Leverage	-12.0%	3.7%	1.1%
Total Core Fund	100%	7.5%	4.8%
<u>Variable Fund Asset</u>			
U.S. Equities	70%	6.5%	3.8%
International Equities	30%	7.4%	4.7%
Total Variable Fund	100%	6.9%	4.2%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%

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

The Investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities.

Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Pension Plan (Continued)

7. Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.08% (Source: “20-Bond GO Index” is the Bond buyer index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds’ average quality is roughly equivalent to Moody’s investors Service’s Aa2 rating and Standard and Poor’s Corp’s AA.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid after reflecting known changes in the Market Recognition Account. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Village’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village’s Proportionate Share of the Net Pension Liability (Asset)	\$ 2,361,692	\$ 251,744	\$ (1,247,313)

8. Payables to the Pension Plan

The Village reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2025.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and therefore are recorded on these financial statements. The Village makes no employer contributions to this plan.

J. Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/reports-and-studies/financial-reports-and-statements>.

Additionally, EFT issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits Provided

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

Contributions

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

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Contribution rates as of December 31, 2025 are:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2024, are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2024		
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 reporting period, the LRLIF recognized \$1,345 in contributions from the employer.

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

At December 31, 2025, the Village reported a liability of \$210,671 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024. 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, 2024, the Village's proportion was 0.05384900%, which was an increase of 0.00780600% from its proportion measured as of December 31, 2023.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

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

For the year ended December 31, 2025, the Village recognized OPEB expense of \$24,138.

At December 31, 2025, 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	\$ -	\$ 21,917
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,894	-
Changes in Assumptions	51,693	118,161
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	73,542	3,342
Total	\$ 128,129	\$ 143,420

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
2026	\$ 5,060
2027	(2,109)
2028	(9,955)
2029	(9,959)
2030	3,779
Thereafter	(2,107)
Total	\$ (15,291)

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Actuarial Assumptions. The total OPEB liability in the 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, 2024
Measurement Date of Net OPEB Liability (Asset):	December 31, 2024
Experience Study:	January 1, 2021 - December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield: *	4.08%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	4.09%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO 20-Bond Municipal Index

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021, to December 31, 2023. The total OPEB liability for December 31, 2024, is based upon a roll-forward of the liability calculated from the January 1, 2024, actuarial valuation.

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Long-Term Expected Return on Plan Assets (Continued).

Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto. The target allocation and expected returns are summarized in the following table:

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	40%	2.41%
U.S. Mortgages	Bloomberg U.S. MBS	60%	2.71%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

Single Discount Rate. A single discount rate of 4.09% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.32% for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26% as of December 31, 2023, to 4.08% as of December 31, 2024. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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, 2037.

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, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (Continued)

Sensitivity of the Village's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 4.09%, 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 (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease to Discount Rate (3.09%)	Current Discount Rate (4.09%)	1% Increase to Discount Rate (5.09%)
Village's Proportionate Share of the Net OPEB Liability	\$ 281,592	\$ 210,671	\$ 156,021

Payable to the OPEB Plan

The Village reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended December 31, 2025.

K. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2025, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Prepaid Items	\$ 48,875
K-9 Fund:	
Nonspendable:	
Prepaid Items	<u>6,562</u>
Total Nonspendable Fund Balance	<u><u>\$ 55,437</u></u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

K. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2025, restricted fund balance was as follows:

Debt Service Fund:		
Restricted for Debt Retirement	\$	367,322
Fire Department Donations Fund:		
Restricted for Fire Department		57,225
Police Department Fund:		
Restricted for Police Department		88,556
Parks and Recreation Fund:		
Restricted for Park Development		192,635
Tax Incremental Financial District No. 1:		
Restricted for Project Plan Development		6,734,990
Tax Incremental Financial District No. 2:		
Restricted for Project Plan Development		<u>2,313,535</u>
Total Restricted Fund Balance	\$	<u><u>9,754,263</u></u>

Committed Fund Balance

In the fund financial statements, portions of governmental fund balances are committed by Village Board action. At December 31, 2025, fund balance was committed as follows:

Special Revenue Funds:		
Committed for:		
K-9 Fund	\$	74,403
Garbage and Recycling		<u>32,936</u>
Total Committed Fund Balance	\$	<u><u>107,339</u></u>

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

K. Fund Equity (Continued)

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2025, fund balance was assigned as follows:

Capital Projects Funds:

Assigned for Subsequent Year's Expenditures:

Capital Improvements	\$ 321,284
Tax Incremental District No. 1:	
Project Plan Development	1,147,756
Total	<u><u>\$ 1,469,040</u></u>

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, 2025, the Village can recover \$31,199,902 from future excess tax increment revenues of the following:

	<u>Recoverable Costs</u>
TID #1	\$ 20,305,408
TID #2	10,894,494

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Tax Incremental Financing Districts (Continued)

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, 2025, the Village abated property taxes totaling \$1,752,090 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A property tax abatement of \$283,756 to a developer for 16.20% within Tax Incremental District #1.
- A property tax abatement of \$211,696 to a developer for 12.08% within Tax Incremental District #1.
- A property tax abatement of \$293,780 to a developer for 16.77% within Tax Incremental District #2.

C. Risk Management

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

**VILLAGE OF HOBART, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Contingencies

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

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM**

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

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.00770979%	\$ 125,283	\$ 969,185	12.93%	98.20%
12/31/16	0.00809579%	66,729	1,105,339	6.04%	99.12%
12/31/17	0.00897009%	(266,332)	1,200,250	22.19%	102.93%
12/31/18	0.01006341%	358,024	1,287,386	27.81%	96.45%
12/31/19	0.01065425%	(343,541)	1,308,652	26.25%	102.96%
12/31/20	0.01122557%	(700,827)	1,411,725	49.64%	105.26%
12/31/21	0.01158432%	(933,717)	1,439,600	64.86%	106.02%
12/31/22	0.01241071%	657,482	1,605,777	40.94%	95.72%
12/31/23	0.01382747%	205,587	1,947,957	10.55%	98.85%
12/31/24	0.01532070%	251,744	2,108,598	11.94%	98.79%

**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
12/31/16	\$ 85,438	\$ 85,438	\$ -	\$ 1,105,339	7.73%
12/31/17	103,000	103,000	-	1,200,250	8.58%
12/31/18	111,615	111,615	-	1,287,387	8.67%
12/31/19	111,431	111,431	-	1,308,652	8.51%
12/31/20	130,988	130,988	-	1,411,725	9.28%
12/31/21	136,843	136,843	-	1,439,600	9.51%
12/31/22	152,701	152,701	-	1,605,777	9.51%
12/31/23	209,951	209,951	-	1,947,957	10.78%
12/31/24	232,900	232,900	-	2,108,598	11.05%
12/31/25	259,267	259,267	-	2,291,731	11.31%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS
LOCAL RETIREE LIFE INSURANCE FUND**

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

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.03846000%	\$ 115,734	\$ 1,200,250	9.64%	44.81%
12/31/18	0.03946400%	101,829	1,171,000	8.70%	48.69%
12/31/19	0.03212700%	136,803	1,308,652	10.45%	37.58%
12/31/20	0.03334500%	183,422	1,411,725	12.99%	31.36%
12/31/21	0.03488100%	206,160	1,283,000	16.07%	29.57%
12/31/22	0.04054700%	154,477	1,560,000	9.90%	38.81%
12/31/23	0.04604300%	211,828	1,679,000	12.62%	33.90%
12/31/24	0.05384900%	210,671	1,990,000	10.59%	37.20%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 759	\$ 759	\$ -	\$ 1,171,000	0.06%
12/31/19	633	633	-	1,308,652	0.05%
12/31/20	689	689	-	1,411,725	0.05%
12/31/21	700	700	-	1,283,000	0.05%
12/31/22	825	825	-	1,560,000	0.05%
12/31/23	1,013	1,013	-	1,679,000	0.06%
12/31/24	1,159	1,159	-	1,990,000	0.06%
12/31/25	1,345	1,345	-	2,162,833	0.06%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF HOBART, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

Changes of Benefit Terms:

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

Changes of Assumptions:

Based on a three-year experience study conducted in 2024 covering January 1, 2021, through December 31, 2023, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended December 31, 2024, including the following:

- Lowering the seniority/merit inflation rate from 0.1% to 5.6% to 0.1% to 5.7%

Based on a three-year experience study conducted in 2021 covering January 1, 2018, through December 31, 2020, the EFT Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0 to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015, through December 31, 2017, the EFT Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

**VILLAGE OF HOBART, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

Local Retiree Life Insurance Fund

Changes of Benefit Terms:

There were no changes of benefit terms.

Changes of Assumptions:

The State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement system. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021, total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018, total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect update trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

SUPPLEMENTARY INFORMATION

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2025**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Taxes:				
General Property	\$ 2,105,810	\$ 2,124,525	\$ 2,105,808	\$ (18,717)
Managed Forest Crop Tax	80	71	71	-
Use Value Penalty	-	1,454	1,454	-
Interest and Taxes	2,200	2,801	2,801	-
Total Taxes	<u>2,108,090</u>	<u>2,128,851</u>	<u>2,110,134</u>	<u>(18,717)</u>
Intergovernmental:				
State Shared Taxes	363,486	374,142	374,142	-
Fire Insurance Dues	65,000	73,469	73,469	-
Police	-	14,622	15,784	1,162
Tax-Exempt Computer Aid	1,730	1,730	1,730	-
Transportation	561,767	561,096	561,096	-
Recycling	-	21,406	21,406	-
Total Intergovernmental	<u>991,983</u>	<u>1,046,465</u>	<u>1,054,316</u>	<u>7,851</u>
Licenses and Permits:				
Licenses:				
Liquor and Malt Beverage	3,150	3,450	3,450	-
Operators License	3,000	6,558	6,558	-
Cable Television Fees	35,000	35,159	35,159	-
Dog	4,901	4,418	4,418	-
Permits:				
Quarry	5,000	2,550	2,550	-
Building	68,500	141,977	145,196	3,219
Site Review	500	750	750	-
Short-Term Rental Licenses	-	1,400	1,400	-
Zoning	500	1,850	1,850	-
Total Licenses and Permits	<u>120,651</u>	<u>198,112</u>	<u>201,331</u>	<u>3,219</u>
Fines and Forfeits:				
Court Fines and Penalties	70,000	49,305	49,305	-
Parking Tickets	2,500	1,370	1,370	-
Total Fines and Forfeits	<u>72,500</u>	<u>50,675</u>	<u>50,675</u>	<u>-</u>
Public Charges for Services:				
General Government	5,000	6,918	6,918	-
Police Liaison Fees	-	3,540	3,540	-
Street Lighting	71,000	76,488	76,488	-
Total Public Charges for Services	<u>76,000</u>	<u>86,946</u>	<u>86,946</u>	<u>-</u>

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Intergovernmental Charges for Services:				
Police Services	\$ 899,211	\$ 845,278	\$ 845,278	\$ -
Miscellaneous:				
Reimbursements	-	10,826	10,826	-
Interest	175,000	185,803	185,803	-
Other General Government	3,800	4,026	4,026	-
Total Miscellaneous	<u>178,800</u>	<u>200,655</u>	<u>200,655</u>	<u>-</u>
 Total Revenues	 <u>\$ 4,447,235</u>	 <u>\$ 4,556,982</u>	 <u>\$ 4,549,335</u>	 <u>\$ (7,647)</u>

**VILLAGE OF HOBART, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2025**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General Government:				
Village Board	\$ 50,542	\$ 63,629	\$ 63,729	\$ (100)
Municipal Court	95,273	88,339	88,339	-
Legal	140,000	265,590	265,590	-
Village Administration	70,217	86,183	87,790	(1,607)
Village Clerk	191,838	189,460	192,548	(3,088)
Economic Development	13,000	14,990	15,273	(283)
Elections	8,600	14,094	14,601	(507)
Audit and Other Accounting	12,000	11,513	11,513	-
Treasurer	-	(1,585)	(1,585)	-
Property Assessment	39,000	42,023	42,023	-
Buildings and Grounds	64,000	73,288	73,288	-
General Office	55,750	43,442	43,442	-
Insurance and Bonds	29,825	29,305	29,305	-
General Contingency	106,441	29,252	35,433	(6,181)
Total General Government	<u>876,486</u>	<u>949,523</u>	<u>961,289</u>	<u>(11,766)</u>
Public Safety:				
Police Department	2,281,407	2,311,067	2,318,928	(7,861)
Animal Control	3,500	10,714	10,714	-
Fire Protection	515,209	525,076	539,312	(14,236)
Rescue Service	132,582	132,582	132,582	-
Total Public Safety	<u>2,932,698</u>	<u>2,979,439</u>	<u>3,001,536</u>	<u>(22,097)</u>
Public Works:				
Highway Administration	103,703	107,785	108,590	(805)
Highway Maintenance and Construction	367,633	331,135	331,135	-
Street Lighting	100,000	113,267	113,267	-
Total Public Works	<u>571,336</u>	<u>552,187</u>	<u>552,992</u>	<u>(805)</u>
Conservation and Development:				
Neighborhood Services	137,460	142,021	144,594	(2,573)
Planning/Zoning	1,500	1,450	1,450	-
Total Conservation and Development	<u>138,960</u>	<u>143,471</u>	<u>146,044</u>	<u>(2,573)</u>
Total Expenditures	<u>\$ 4,519,480</u>	<u>\$ 4,624,620</u>	<u>\$ 4,661,861</u>	<u>\$ (37,241)</u>

**VILLAGE OF HOBART, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	K-9 Fund	ARPA	Fire Department Donations	Police Department Donations	Parks and Recreation	Garbage and Recycling	Total
ASSETS							
Cash and Investments	\$ 74,666	\$ 13,165	\$ 67,345	\$ 92,666	\$ 192,860	\$ 87,321	\$ 528,023
Receivables:							
Accounts	-	-	-	-	-	164	164
Special Assessments	-	-	-	-	-	3,150	3,150
Prepaid Items	6,562	-	-	-	-	-	6,562
 Total Assets	<u>\$ 81,228</u>	<u>\$ 13,165</u>	<u>\$ 67,345</u>	<u>\$ 92,666</u>	<u>\$ 192,860</u>	<u>\$ 90,635</u>	<u>\$ 537,899</u>
 LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 263	\$ -	\$ 10,120	\$ 4,110	\$ 225	\$ 57,699	\$ 72,417
Unearned Revenues	-	13,165	-	-	-	-	13,165
Total Liabilities	<u>263</u>	<u>13,165</u>	<u>10,120</u>	<u>4,110</u>	<u>225</u>	<u>57,699</u>	<u>85,582</u>
 Fund Balances:							
Nonspendable	6,562	-	-	-	-	-	6,562
Restricted	-	-	57,225	88,556	192,635	-	338,416
Committed	74,403	-	-	-	-	32,936	107,339
Total Fund Balances	<u>80,965</u>	<u>-</u>	<u>57,225</u>	<u>88,556</u>	<u>192,635</u>	<u>32,936</u>	<u>452,317</u>
 Total Liabilities and Fund Balances	<u>\$ 81,228</u>	<u>\$ 13,165</u>	<u>\$ 67,345</u>	<u>\$ 92,666</u>	<u>\$ 192,860</u>	<u>\$ 90,635</u>	<u>\$ 537,899</u>

**VILLAGE OF HOBART, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

	K-9 Fund	ARPA	Fire Department Donations	Police Department Donations	Parks and Recreation	Garbage and Recycling	Total
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,482	\$ 476	\$ 2,958
Intergovernmental	-	48,984	-	-	-	-	48,984
Licenses and Permits	-	-	-	-	40,495	-	40,495
Public Charges for Services	-	-	-	-	-	449,880	449,880
Miscellaneous	2,903	-	47,052	46,952	-	-	96,907
Total Revenues	<u>2,903</u>	<u>48,984</u>	<u>47,052</u>	<u>46,952</u>	<u>42,977</u>	<u>450,356</u>	<u>639,224</u>
EXPENDITURES							
Current:							
General Government	-	1,169	-	-	-	-	1,169
Public Safety	11,135	28,263	57,860	23,714	-	-	120,972
Public Works	-	-	-	-	-	467,404	467,404
Culture and Recreation	-	-	-	-	298,481	-	298,481
Total Expenditures	<u>11,135</u>	<u>29,432</u>	<u>57,860</u>	<u>23,714</u>	<u>298,481</u>	<u>467,404</u>	<u>888,026</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,232)	19,552	(10,808)	23,238	(255,504)	(17,048)	(248,802)
OTHER FINANCING SOURCES							
Transfers Out	-	(19,552)	-	-	-	-	(19,552)
NET CHANGE IN FUND BALANCES	(8,232)	-	(10,808)	23,238	(255,504)	(17,048)	(268,354)
Fund Balances - Beginning of Year	89,197	-	68,033	65,318	448,139	49,984	720,671
FUND BALANCES - END OF YEAR	<u>\$ 80,965</u>	<u>\$ -</u>	<u>\$ 57,225</u>	<u>\$ 88,556</u>	<u>\$ 192,635</u>	<u>\$ 32,936</u>	<u>\$ 452,317</u>

**VILLAGE OF HOBART, WISCONSIN
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 662,240	\$ 810,074	\$ 664,572	\$ (145,502)
Excess Stadium District Sales Tax	-	157	157	-
Miscellaneous	15,000	31,924	31,924	-
Total Revenues	<u>677,240</u>	<u>842,155</u>	<u>696,653</u>	<u>(145,502)</u>
EXPENDITURES				
Current:				
General Government	-	1,000	1,000	-
Debt Service:				
Principal	730,000	730,000	730,000	-
Interest and Fiscal Charges	<u>290,976</u>	<u>290,976</u>	<u>290,976</u>	<u>-</u>
Total Expenditures	<u>1,020,976</u>	<u>1,021,976</u>	<u>1,021,976</u>	<u>-</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(343,736)	(179,821)	(325,323)	(145,502)
OTHER FINANCING SOURCES				
Transfers In	<u>343,736</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(179,821)	(325,323)	(145,502)
Fund Balance - Beginning of Year	<u>692,645</u>	<u>692,645</u>	<u>692,645</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 692,645</u></u>	<u><u>\$ 512,824</u></u>	<u><u>\$ 367,322</u></u>	<u><u>\$ (145,502)</u></u>

**VILLAGE OF HOBART, WISCONSIN
TAX INCREMENTAL DISTRICT #1 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,293,778	\$ 4,293,778	\$ 3,082,114	\$ (1,211,664)
Intergovernmental	1,435	1,435	18,730	-
Miscellaneous	430,612	430,612	568,358	137,746
Total Revenues	<u>4,725,825</u>	<u>4,725,825</u>	<u>3,669,202</u>	<u>(1,073,918)</u>
EXPENDITURES				
Current:				
General Government	81,137	81,137	80,269	868
Conservation and Development	1,840,232	1,840,232	724,000	1,116,232
Debt Service:				
Principal	2,158,423	2,158,423	2,750,563	(592,140)
Interest and Fiscal Charges	740,464	740,464	776,893	(36,429)
Capital Outlay	-	-	441,881	(441,881)
Total Expenditures	<u>4,820,256</u>	<u>4,820,256</u>	<u>4,773,606</u>	<u>46,650</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(94,431)	(94,431)	(1,104,404)	(1,027,268)
Fund Balance - Beginning of Year	<u>8,987,150</u>	<u>8,987,150</u>	<u>8,987,150</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 8,892,719</u></u>	<u><u>\$ 8,892,719</u></u>	<u><u>\$ 7,882,746</u></u>	<u><u>\$ (1,027,268)</u></u>

**VILLAGE OF HOBART, WISCONSIN
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 842,655	\$ 678,435	\$ 842,655	\$ 164,220
Intergovernmental	100,000	51,808	51,808	-
Intergovernmental Charges for Services	85,881	88,530	88,530	-
Miscellaneous	-	24,726	24,726	-
Total Revenues	<u>1,028,536</u>	<u>843,499</u>	<u>1,007,719</u>	<u>164,220</u>
EXPENDITURES				
Debt Service:				
Principal	-	-	110,236	(110,236)
Interest and Fiscal Charges	-	4,413	33,085	(28,672)
Capital Outlay	<u>1,192,486</u>	<u>751,816</u>	<u>1,910,778</u>	<u>(1,158,962)</u>
Total Expenditures	<u>1,192,486</u>	<u>756,229</u>	<u>2,054,099</u>	<u>(1,297,870)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(163,950)	87,270	(1,046,380)	(1,133,650)
OTHER FINANCING SOURCES				
Long-Term Debt Issued	-	148,250	148,250	-
Capital Lease Proceeds	-	-	142,502	142,502
Subscription Proceeds	-	-	391,426	391,426
Proceeds from Sale of Capital Assets	<u>163,950</u>	<u>704,295</u>	<u>451,065</u>	<u>(253,230)</u>
Total Other Financing Sources	<u>163,950</u>	<u>852,545</u>	<u>1,133,243</u>	<u>280,698</u>
NET CHANGE IN FUND BALANCE	-	939,815	86,863	(852,952)
Fund Balance - Beginning of Year	<u>234,421</u>	<u>234,421</u>	<u>234,421</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 234,421</u>	<u>\$ 1,174,236</u>	<u>\$ 321,284</u>	<u>\$ (852,952)</u>

**VILLAGE OF HOBART, WISCONSIN
TAX INCREMENTAL DISTRICT #2 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,047,955	\$ 2,047,955	\$ 1,507,528	\$ (540,427)
Intergovernmental	327	327	15,491	15,164
Miscellaneous	100,000	100,000	224,658	124,658
Total Revenues	<u>2,148,282</u>	<u>2,148,282</u>	<u>1,747,677</u>	<u>(400,605)</u>
EXPENDITURES				
Current:				
General Government	60,126	60,126	70,030	(9,904)
Conservation and Development	540,426	540,426	812,800	(272,374)
Debt Service:				
Principal	1,089,940	1,089,940	1,089,940	-
Interest and Fiscal Charges	427,622	427,622	427,622	-
Capital Outlay	-	-	4,025,451	(4,025,451)
Total Expenditures	<u>2,118,114</u>	<u>2,118,114</u>	<u>6,425,843</u>	<u>(4,307,729)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30,168	30,168	(4,678,166)	(4,708,334)
Fund Balance - Beginning of Year	<u>6,991,701</u>	<u>6,991,701</u>	<u>6,991,701</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 7,021,869</u></u>	<u><u>\$ 7,021,869</u></u>	<u><u>\$ 2,313,535</u></u>	<u><u>\$ (4,708,334)</u></u>

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



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

Village Board
Village of Hobart, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Hobart, Wisconsin (the Village), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated April 13, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-001 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 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters


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

Village of Hobart, Wisconsin’s Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
April 13, 2026

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025**

Internal Control Over Financial Reporting

Finding No. 2025-001

Adjustments to the Village's Financial Records

Repeat Finding of 2024-002

Material Weakness in Internal Control over Financial Reporting

Condition

As part of our audit, we proposed adjusting journal entries to the Villages financial statements.

Criteria or Specific Requirement

Adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Cause

While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.

Effect

Year-end financial records prepared by the Village may contain misstatements.

Recommendation

We recommend the Village continue reviewing the adjusting, closing and Governmental Accounting Standards Board Statement No. 34 (GASB 34) conversion entries. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the Village is necessary to obtain an adequate understanding of the Village's financial reports.

Management's 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.

**VILLAGE OF HOBART, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Internal Control Over Financial Reporting (Continued)

Finding No. 2025-002

Preparation of Annual Financial Report

Repeat Finding of 2024-003

Significant Deficiency in Internal Control over Financial Reporting

Condition

Current Village staff maintain accounting records which reflect the Village's financial transactions; however, preparing the Village's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Village contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the Village's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Village had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement

The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect, and correct a potential omission or misstatement in the financial statements or notes or municipal financial report.

Cause

Village management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Effect

Without our involvement, the Village may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Recommendation

We recommend the Village continue reviewing the annual financial and municipal financial reports. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the reports, a thorough review of this information by appropriate staff of the Village is necessary to obtain a complete and adequate understanding of the Village's annual financial and municipal financial reports.

Management's Response

Management believes that the cost of hiring additional staff to prepare financial reports outweigh the benefits to be received. Management will continue to review the financial statements.



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