City of Rolling Meadows

FY 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2025

3600 Kirchoff Road
Rolling Meadows, IL 60008
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CITY OF ROLLING MEADOWS, ILLINOIS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

Prepared by the Finance Department

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STATISTICAL SECTION (Unaudited)

INTRODUCTORY SECTION

This section includes miscellaneous data regarding the City of Rolling Meadows, including:

- List of Principal Officials
- Organizational Chart
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting

CITY OF ROLLING MEADOWS, ILLINOIS

List of Principal Officials
December 31, 2025

LEGISLATIVE

Mayor: Lara Sanoica

Deputy City Clerk: Judy Brose

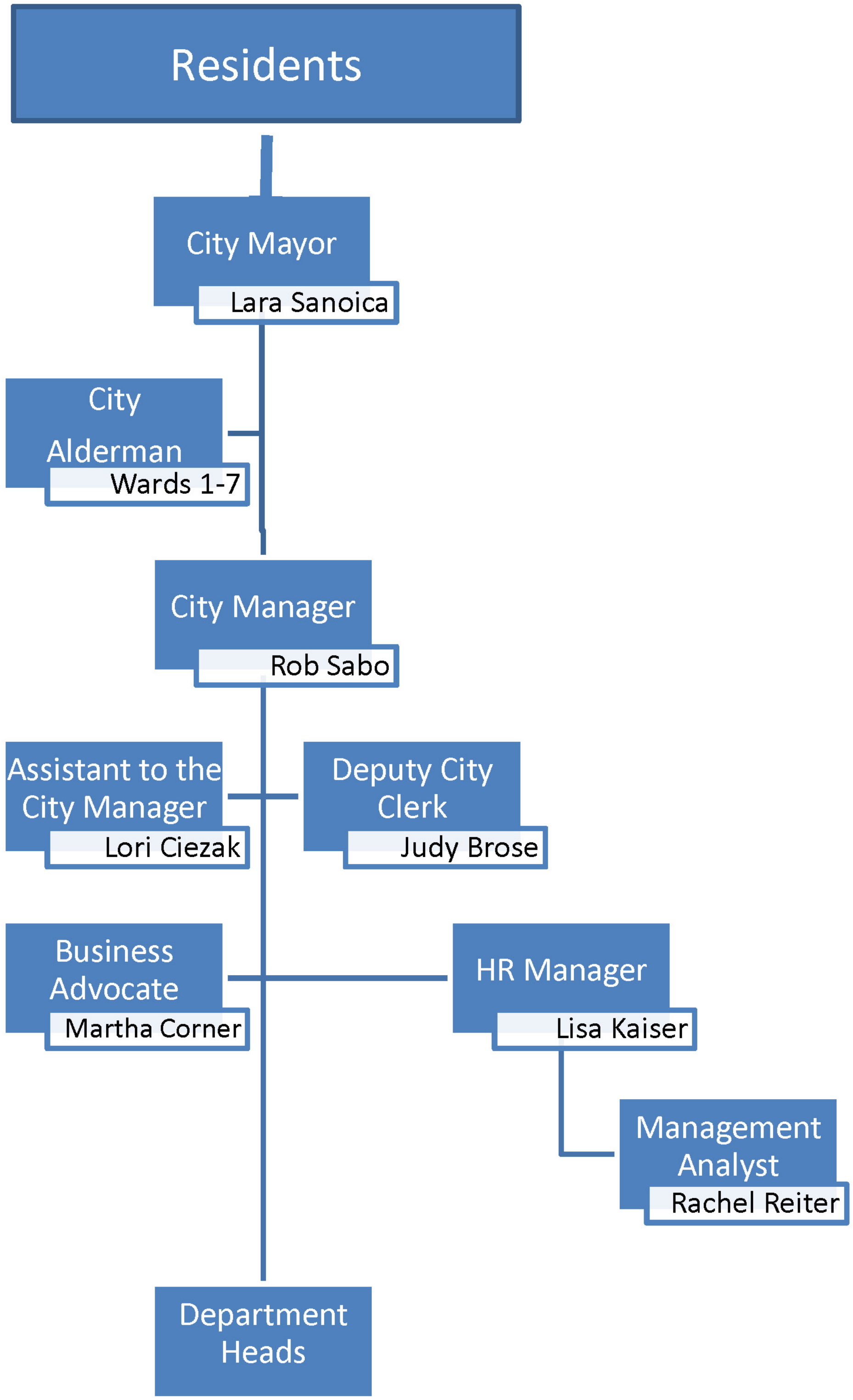
Ward 1:	Karen McHale, Alderman
Ward 2:	Nick Budmats, Alderman
Ward 3:	Kevin O'Brien, Alderman
Ward 4:	Jenifer Vinezeano, Alderman
Ward 5:	Stefanie Boucher, Alderman
Ward 6:	Mandy Reyez, Alderman
Ward 7:	Mike Koehler, Alderman

ADMINISTRATIVE

City Manager:	Rob Sabo
Finance Director:	Molly Talkington
Public Works Director:	Aaron Grosskopf
Police Chief:	Anthony Peluso
Fire Chief:	Pete Sutter
Community Development Director/Assistant City Manager:	Glen Cole
Chief Information Officer:	Waseem Kham
Human Services Director:	Natalia Nieves

City's Organizational Charts

Administration Organization Chart



June 26, 2026

To the Mayor of the City of Rolling Meadows
Members of the City Council
Citizens and Businesses of the City of Rolling Meadows, Illinois

The Annual Comprehensive Financial Report (ACFR) of the **CITY OF ROLLING MEADOWS, ILLINOIS** for the Fiscal Year ended December 31, 2025, is hereby submitted. The submittal of this report complies with Illinois state law which requires that the City issue a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by an independent firm of certified public accountants.

For the year ended December 31, 2025, the licensed certified public accounting firm of Lauterbach & Amen, LLP, has issued an unmodified ("clean") opinion on the City of Rolling Meadows financial statements. The independent auditors report can be found at the front of the financial section of this report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the City of Rolling Meadows. The results of operations as measured by the financial activity of its various funds; and all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

This report includes all funds of the City (primary government), as well as its component unit, the Rolling Meadows Public Library (discreetly presented component unit). Component units are autonomous entities for which the primary government is financially accountable.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal should be read in conjunction with the management's discussion and analysis and the notes to the financial statements to obtain the most complete assessment of the City's current financial status and its future prospects. The City's Management's Discussion and Analysis can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY OF ROLLING MEADOWS

The City of Rolling Meadows is located in northwest suburban Cook County, 27 miles from downtown Chicago, Illinois. Two major expressways serving the Northwest suburban area are the Jane Addams Memorial Tollway (Interstate 90) and Illinois Route 53 (also serving for part of its length as Interstate 290).

Rolling Meadows is part of the Chicago northwest suburban area located at the intersection of Interstate 90 and Illinois Route 53, approximately 10 miles west of O'Hare International Airport. The City's location makes it a highly desirable business and residential community. A diverse mix of commerce and industry provides a stable economic base which, in turn, fosters outstanding municipal services, educational systems, health and human care agencies, and recreational facilities all of which contribute to a high quality of life for Rolling Meadows residents.

The City's development, like that of much of the Northwest suburbs, traces to the mid-1950s when the Illinois Toll Road and O'Hare International Airport were under construction. Kimball Hill, the early residential developer of the City, acquired approximately 537 acres of farmland immediately south of the former Arlington Racetrack property and broke ground for the City's first single-family homes on July 21, 1953. The City incorporated on February 26, 1955, and had a population of 5,162. The City's current population as of the 2020 U.S. Census is 24,200.

The City operates under a Council-Manager form of government. The City Manager administers the City's day-to-day operations. The legislative authority of the City is vested in a seven-member council, each elected from their respective wards. The Mayor is elected at large. Each Alderperson and the Mayor serve staggered, four-year terms with term limits.

The City provides a full range of municipal services with approximately 170 full-time and 15 part-time persons working in Police, Fire, Human Services, Public Works, Community Development, Information Technology, Finance, and General Administration. The City maintains approximately 82 miles of streets, 112 miles of water mains, 78 miles of sidewalks, and about 134 miles of parkway.

The City operates its own water distribution system with sewage treatment provided by the Metropolitan Water Reclamation District. The City is a member of two joint ventures; the first is the Northwest Suburban Municipal Joint Action Water Agency, which provides water from Lake Michigan through Chicago. The City also maintains a few deep-water wells as reserves. In case of emergency, the City also has two emergency water connects, one with the Village of Palatine and the other with the Village of Arlington Heights. These communities are currently in a different water system acquiring water from the City of Evanston. The second joint venture is the Solid Waste Agency of Northern Cook County, which provides support for solid waste disposal services. The City also owns and operates its own fleet of refuse vehicles. Recycling is a contracted service. The City also contracts with Northwest Central Dispatch for emergency 911 Dispatch services.

The Rolling Meadows Public Library is operated under an appointed board, which is separate from the City Council. Library Board positions are appointed by the City's Mayor, with consent of the City Council, and expire on a rotating basis. Library operations are administered by the Library Board; however, the City is required by state statute to include within its property tax levy and budget, the Library's requests. The Library does not have authority to issue debt, and must do so through the City. Thus, the Library is a component unit of the City. The City performs many functions for the Library including Payroll, IMRF reporting, monthly bank reconciliations, and other items.

In December 2025, Standard & Poor's Rating Services reaffirmed the City's long-term rating on the City of Rolling Meadows' general obligation bonds to AA+ based on Standard & Poor's local General Obligation rating criteria. Standard & Poor's highlighted the City's exceptional management and predictable financial performance and pointed out these key factors for the strong rating:

1. Proximity to downtown Chicago, O'Hare International Airport, and the intersection of interstates 90 and 290,
2. Robust policy and prudent management practices,
3. Intentional financial planning, and
4. Manageable debt and pension liability burden.

In November of 2014, Moody's Investor Service upgraded Rolling Meadows' general obligation (GO) bond rating to Aa3 from a previous rating of A1, reflecting the agency's confidence in the City's overall financial health. The Moody's report cited a substantial increase in the City's reserves levels as well as a strong capacity to meet financial obligations. In March of 2018, Moody's reaffirmed the City's bond rating of Aa3.

MAJOR INITIATIVES

The City is actively engaged in developing new strategies for economic growth and development. Economic Development continues to be a priority for the City of Rolling Meadows. The City encourages businesses to begin, grow, and expand their businesses within the City limits. Building for the future, the City continues to re-invest in capital infrastructure projects such as water main replacements and local road reconstruction projects. The following is a discussion of some of the economic development and major projects recently completed, under construction, or recently approved:

- In 2025, the City had 53 new business openings including:
    - Advanced Practice Medical Group, LLC
    - Bravo16 LLC
    - CH Robinson International, Inc.
    - Dickson Contractors, Inc.
    - Eleven 11 Hair Studio
    - EM Lash Studio
    - Gasior Law Office, LLC
    - GDP Homes II
    - Nuel Lighting Co.
    - Roses By Moses, LLC
    - Signarama
    - Step Forward Therapy, Ltd.
    - Sushi Edo
    - Tender Heart Vintage
    - The Couch Brothers
    - Urgent Vet

- The City was actively involved in advocacy and discussions with stakeholders and legislators in preparation for the potential redevelopment of Arlington Park to serve as the future stadium sight for the Chicago Bears Football Club along with other entertainment features. The City is uniquely located on three sides of the Arlington Park site. The location's geography presents both opportunities as well as challenges for the City. Opportunities include new economic development opportunities along the periphery and along the road network leading to the site within Rolling Meadows. Challenges include transportation and capital infrastructure needs to accommodate the volume of patrons visiting the stadium and surrounding attractions. Those discussions will be ongoing into 2026 until the Chicago Bears ultimate decide how to move forward with the property.

- Significant progress was made on the Pacifica on Golf redevelopment project which is transforming a long vacant Sam's Club space at the corner of Golf and Algonquin Roads and transforming the property into a multi-tenant retail center featuring a variety of entertainment, food and beverage, and retail users. In 2025, significant progress was made with site work include a completely resurfaced parking lot, new parking islands and drainage, and extensive exterior improvement work was also completed with façade upgrades and new pedestrian walkways poured. The retail center is anticipated to be open for business by late 2026. This redevelopment will serve as a strong catalyst for renewed economic activity in the long vacant former big box space and will also serve to benefit the neighboring Walmart store and surrounding outlot retail, service, and restaurant businesses.

- In 2025, the City conducted an RFP to sell the City's former Fire Station on Meadow Drive. The City ultimately went under contract to sell the property which will be redeveloped into a ground floor café and bakery with second floor office space. The property, which served as the original fire station for the City, will be preserved and renovated with a modern aesthetic while maintaining the homage to the past of the former Fire Station. The business will be a catalyst for further investment and visitors to the Kirchoff Road corridor.

- The City completed a comprehensive review of the Kirchoff Road corridor and ultimately completed a sub-area plan update to the City's Comprehensive Plan to usher in modern development approaches to help effectuate new investment and growth along the corridor. The sub-area plan touched on a variety of elements from zoning to public art, way finding, and aesthetics. The sub-area plan was ultimately adopted and has been incorporated into the Comprehensive Plan to guide future development of this important City corridor.

Redevelopment Relating to Tax Increment Financing Districts

TIF District No. 2 - Riverwalk Condominiums and Retail Space (created in 2002 and closed in 2025) - In January 2003, the City entered into a redevelopment agreement with Salt Creek Development Corporation. The site now houses three buildings with 124 condominiums and 14,000 square foot of commercial/office space. A fourth building, originally planned, was not built. The City owns the land and uses it as green space. In 2013, the City refunded the General Obligation Bonds associated with this TIF for a little more than $60,000 in interest savings for taxpayers. During FY 2024, the City undertook a Kirchoff Road Corridor Planning study which ultimately identified the green space as a focal point for redevelopment. This TIF now has $1,017,888 set aside for development.

TIF District No. 4 - Golf Road (created in 2015) - TIF #4 was created July 28, 2015. A commercial insurance broker, Arthur J. Gallagher Insurance, relocated its headquarters from Itasca to Rolling Meadows in March 2017. Arthur J. Gallagher Insurance invested more than $85 million to upgrade buildings, add garages, roadways, and landscaping to the property located at 2850 Golf Road and relocated approximately 2,000 employees to the new location. The City approved the Golf Road Tax Increment Financing District with a shortened TIF term of 15 years to help finance the redevelopment costs of the area. The length of the TIF could be expanded past 15 years due to a lowered reassessment of the main parcel which may delay reaching the ultimate incentive payment total of $30 million.

Long-Term City Initiatives

The City's long-term activities are focused on the following efforts:

- Supporting Office Properties: The City is working on promoting its Class A and B office properties by highlighting Rolling Meadows as a strategic location for businesses to locate their offices. Given its easy access to I-90, I-290, and Rt. 53, the City offers the area's highly skilled workforce an easy commute, great dining and shopping destinations, and excellent amenities which is why companies like Gallagher, Northrup Grumman, Verizon, ATS Life Sciences, CH Robinson, Komori America, and many more have located their offices within Rolling Meadows. By marketing the City as a destination for office users, the City will continue to support its office portfolio, bring additional daytime population to the City, and drive continue economic vibrancy to the community. As office users look at consolidating office spaces and trimming rent costs in light of the hybrid work model used by many businesses, the City is positioning itself to attract such users to its existing world class, high visibility office properties.

- Maintain High Retail Occupancy Rates: The City works closely with its commercial property owners and brokers to attract and retain businesses within the community. The City continues to be an excellent location for restaurants, retailers, and service-oriented businesses to locate. Thanks to the City's active approach towards recruiting new development and businesses to the community, the City enjoys a low vacancy rate and is home to a diverse and eclectic mix of dining establishments, retail businesses, and service providers, which speaks to the City's location along major highways and arterial routes being attractive for business. The City will continue to be aggressive in pursuing new businesses to locate in the City through targeted recruitment and marketing efforts.

- Redevelopment of City Owned Properties Along Kirchoff Road: The City will pursue developers interested in purchasing and redeveloping the City-owned vacant parcel at the corner of Kirchoff Road and Owl Drive. This property offers an attractive development opportunity to bring additional vibrancy and investment into the Kirchoff Road corridor. The property is in close proximity to Rt. 53, Arlington Park (the potential future home of the Chicago Bears), excellent parks, and a large residential population within walking and driving distance, which makes it a great location for mixed use development.

- Multimodal Transportation: Enhancements were made to the City's multimodal transportation options with the expansion of Pace's Northwest Cook On Demand bus service which now covers the entire City of Rolling Meadows boundaries and connects residents to locations such as Harper College, the Schaumburg Transportation Center, Randhurst Mall in Mount Prospect, along with various locations in Arlington Heights and Palatine. The City is working closely with Pace to further expand opportunities for transit ridership to help connect Rolling Meadows residents with the destinations they need and want to get to.

- Sustainability Plan Goals and Strategies: The plan identifies a series of "immediate," "short-term," and "long-term" actions and strategies to achieve goals in 10 specific categories:

    - Climate Change
    - Economic Development
    - Clean Energy
    - Land Use
    - Leadership
    - Mobility
    - Sustainable Communities
    - Waste and Recycling
    - Water/Stormwater Sustainability

- Business Development Plan's Focus Areas: The plan has 10 focus areas identified as follows:
    - Business Attraction
    - Business Retention & Expansion
    - Encouraging Entrepreneurship
    - Financial Resources & Incentives
    - Local & Regional Partnerships
    - Communication, Outreach, & Marketing
    - Community Vibrancy, Events, & Quality of Life
    - Development, Redevelopment, & Repositioning Activities
    - Workforce Development
    - Arlington Park Redevelopment Impacts

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the City of Rolling Meadows is responsible for establishing and maintaining an internal control structure. The internal control structure is designed to ensure that the assets of the City are protected from loss, theft, fraud, misappropriation or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. This structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City of Rolling Meadows maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City's governing body. Activities of the General Fund, special revenue funds with exception of Foreign Tax and Asset Seizure Funds, capital project funds, debt service funds, enterprise funds, and internal service funds are included in the annual budget. The capital projects budgets are adopted on an annual budget basis. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

RELEVANT FINANCIAL POLICIES THIS YEAR

In order to ensure that the City continues to meet its immediate and long-term service goals, several financial policies and procedures have been implemented by management.

Fund	Policy	Adoption
General Fund	Balance at 20% of operating expenditures	2024
Refuse Fund	Unassigned balance range of 30% to 50% of operating	2015
E911 Fund	Unassigned balance of 1 to 1.5 times annual expenditures	2016
Garage Fund	Balance range of $1.0M to $1.5M	2019
Liability Insurance Fund	Reserve equal to one year's payment of insurance plus an additional reserve for unforeseen liability payments	2022
Health Insurance Fund	Reserve equal to one half a year's payment of insurance	2022
Utilities Fund	Maintain at least 25% of operating expenditures	2022
Debt Management	Set parameters for total debt service for the City	2024

The City continues to follow those policies when developing the City's budget and adhering to the policies during the actual year. During 2024, the General Fund Balance policy was updated to realign with current goals for fund balance, and City Council approved a formal Debt Management Policy. Highlighted are some of the more pertinent policies that the City followed in FY 2025:

- The Capital Projects Committee continues to review capital projects and offer recommendations for long-term capital improvements.

- As required by Public Act 97-0609, the City posted employee compensation data for Illinois Municipal Retirement Fund (IMRF) employees who are expected to receive compensation greater than $75,000. The City took this mandate one step further, to enhance transparency, and published this data for all employees.

- Prepared and reviewed monthly revenue, expenditure and cash balance reporting for all funds with particular focus on the General Fund to the City Council. These financial reports ensure that the City Council is made aware of any variances from the appropriated budget.

- Adhered to a capitalization policy which establishes the capitalization thresholds and estimated useful lives of fixed assets.

- Followed a purchasing policy to ensure that goods and services are obtained in a timely manner at the lowest possible cost.

- Followed a written credit card policy for all business-related credit card purchases. Employees must sign a credit card policy agreement prior to a city-issued credit card being issued.

- Adhered to an investment policy which invests in public funds in a manner which protects principal, maximizes returns for a measured level of risk, and meets daily cash flow requirements of the City.

- The City complied with state-mandated annual treasurer reporting requirements. The report is published in a local newspaper and posted on the City's website.

RISK MANAGEMENT

The City of Rolling Meadows participates in two public entity risk pools to protect against casualty and health-risk losses. The Intergovernmental Personnel Benefit Cooperative (IPBC) insures employee health, accident and life claims and the Intergovernmental Risk Management Agency (IRMA) insures general liability, first-party property losses, third-party liability claims, workers' compensation claims, and public official liability claims.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded an Achievement for Excellence in Financial Reporting to the City of Rolling Meadows for its annual comprehensive financial report for the fiscal year ended December 31, 2024. This was the fortieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report (ACFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current ACFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

GFOA awarded the City an Award of Outstanding Achievement in Popular Annual Financial Reporting for the FY 2024 Popular Annual Financial Report (PAFR) and also awarded a Distinguished Budget Presentation Award for the FY 2025 Budget.

Rolling Meadows is one of only 24 governmental agencies in Illinois to receive the prestigious GFOA Triple Crown Award, which recognizes organizations that earn the GFOA’s Certificate of Achievement in Financial Reporting, the Popular Annual Financial Report, and the Distinguished Budget Presentation Award in the same calendar year.

ACKNOWLEDGMENTS

The preparation of this report was made possible by the dedication and hard work of the Mayor, City Council, and the entire Finance Department staff. I would like to acknowledge the Mayor and City Council for their leadership and support in planning and conducting the financial operations of the City. None of this would be possible without the City Departments that provide high-quality services for the entire community.

Respectfully Submitted,

Rob Sabo
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rolling Meadows
Illinois

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

This section includes:

Independent Auditor's Report

Management’s Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Supplemental Schedules

INDEPENDENT AUDITOR'S REPORT

This section includes the opinions of the City of Rolling Meadows' independent auditing firm.

Lauterbach & Amen

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Naperville, IL 60563
630.393.1483

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INDEPENDENT AUDITOR'S REPORT

June 26, 2026

The Honorable City Mayor
Members of the City Council
City of Rolling Meadows, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows (the City), Illinois, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rolling Meadows, Illinois, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Rolling Meadows Public Library, a discretely presented component unit ,or the Police Pension Trust Fund as of December 31, 2025, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Rolling Meadows Public Library and Police Pension Trust Fund, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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 City'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.

Auditor's 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 auditor's 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 generally accepted 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 generally accepted 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 City'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 City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and supplementary pension and other post-employment benefit (OPEB) schedules, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rolling Meadows, Illinois' basic financial statements. The other supplementary information and supplemental 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 auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Rolling Meadows (the City), Illinois' Management's Discussion and Analysis is designed to provide readers a narrative overview and analysis of the City's financial statements for the year ending December 31, 2025. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal (in the introductory section of this report) and the City's financial statements (in the basic financial statement section of this report).

Financial Highlights

The following are a few highlights to be discussed in greater detail in this Management's Discussion and Analysis and within the 2025 Annual Comprehensive Financial Report:

Net Position and Performance in Total: The City's total net position as of December 31, 2025 was $137,750,325 an increase of $3,784,996 or by 2.8% from FY 2024. The City's total net position is comprised of $164,934,945 for net investment in capital assets; $1,141,656 for Public Safety; $741,922 for Highways and Streets; $3,815,658 for Capital Projects; and a negative $33,432,075 for Unrestricted Deficit. The overall change of the Unrestricted Deficit for the net position was a decrease of $3.3 million (from a negative $30.1 million for FY 2024). This was a result of governmental activities reporting an increase of $2.7 million and business-type activities reporting an increase of approximately $1.0 million. The total Other Post-Employment Benefits (OPEB) liability is reflected in the financials with an increase of $0.5 million. For Compensated Absences, the short-term liability is $1.0 million and the long-term liability is $4.1 million for an increase of approximately $1,065 thousand from FY 2024. In addition, there are deferred items recognized.

As noted in previous reports, the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financing Reporting for Pensions, will have an ongoing effect on the full reporting of the City's long-term obligations. This GASB Statement revised existing guidance for the financial reports of most pension plans. GASB's intent is to improve the accounting and financial reporting of public employee pensions by state and local governments.

In FY 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. Similar to GASB Statement No. 68 which requires the full accrual accounting for the City of Rolling Meadows' retirement plans (IMRF, Fire Pension Fund and the Police Pension Fund), GASB No. 75, accounts for the total OPEB liability for the City's post-employment benefits (i.e., retiree healthcare).

For the City's pension funds for FY 2025, the net pension liabilities for these retirement plans are as follows: the Illinois Municipal Retirement Fund (IMRF) is $0.5 million; Firefighters' Pension Fund is $34.4 million; and the Police Pension Fund is $25.1 million. The total OPEB liability is $5.8 million.

Governmental Activity Summary: The net position for governmental activities ended at $107.7 million, an increase of $3.3 million from FY 2024. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds. Compensated absences increased by $1.5 million and there was an overall decrease of $26.1 million to the net pension liabilities (IMRF, Police Pension and Firefighters' Pension). There was a increase of $0.4 million for OPEB. The City retired $0.8 million in general obligation bonds in FY 2025. There were changes in amortization of bond premium, amortization of loss of refunding and a change in accrued interest payable.

Business-Type Activity Summary: The net position for business-type activities ended at $30.0 million, an increase of $0.5 million from FY 2024. The primary reason for this increase is that there are capital projects that are still in process as well as the bond-funded capital projects.

General Fund Summary: At December 31, 2025, the total fund balance for the General Fund was $15.3 million or 35.9% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, $15,302,501 (or 35.9% of the General Fund's FY 2025 operating expenditures) is unassigned fund balance (available fund balance for about three to four months of activities in the General Fund) and is available to meet the City's ongoing obligations to its residents, businesses and creditors.

For FY 2025, the City's total cash position remained virtually flat at $47.3 million as compared to FY 2024. For governmental activities, the cash position increased from $38.3 million to $39.4 million. For business activities the cash position decreased from $9.0 million to $7.8 million. The cash position of the General Fund at the end of the current fiscal year was $13,059,372 - an increase of $4.2 million from FY 2024. The City attributes the positive changes in cash position to better than expected revenues, specifically in the State and Home Rule Sales Taxes income, lower than budgeted expenditures, and increased investment activity.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Rolling Meadows' basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide statements are divided between governmental activities and business-type activities, with the public library reported as a discretely presented component unit. The perspective of the fund financial statements presents financial information for individual funds established by the City for specific purposes. They are categorized into three distinct groups: governmental, proprietary and fiduciary. This report also contains other supplementary information in addition to the basic financial statements themselves.

The following table (Table 1) summarizes the major features of the City's financial statements.

This is a useful tool and should be read in conjunction with this analysis and the Annual Comprehensive Financial Report.

TABLE 1.

		Fund Financial Statements		
Description	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except Fiduciary Funds) and the City's component unit.	Activities of the City that are not proprietary or fiduciary such as public safety.	Activities of the City that operate similar to private business such as the Utilities Fund and the Refuse Fund.	Activities in which the City is trustee or agents of another's resources such as pension plans.
Required financial Statements	1. Statement of net position 2. Statement of activities	1. Balance sheet 2. Statement of revenues, expenditures and changes in fund balance	1. Statement of net position 2. Statement of revenues, expenses, and changes in net position 3. Statement of cash flows	1. Statement of fiduciary net position 2. Statement of changes in fiduciary net position
Accounting Basis	Accrual	Modified accrual	Accrual	Accrual
Measurement Focus	Economic resource	Current financial	Economic resource	Economic resource
Type of asset/deferred outflows & liability/ deferred inflows information	All assets/deferred outflows and liabilities/ deferred inflows; both financial and capital short and long-term.	Assets/deferred inflows expected to be used and liabilities/deferred outflows that come due during the year or shortly thereafter; no capital assets.	All assets/deferred inflows and liabilities/ deferred inflows; both financial and capital short and long-term.	All assets/deferred outflows and liabilities/ deferred inflows, short and long-term. Does not contain capital assets.
Type or inflow & outflow information	All revenues and expenses during the year regardless of when the cash is received or paid.	Revenues for which cash is received during the year or shortly thereafter; expenditures for goods and services that have been received and payment is due during the year or shortly thereafter.	All revenues and expenses during the year regardless of when the cash is received or paid.	All revenues and expenses during the year regardless of when the cash is received or paid.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may relate to cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government (legislative, administrative, information technology, finance), public safety (fire, police, 911 services), public works, highways and streets, health and welfare, and economic development (community development). The business-type activities of the City include utilities (water, sewer, stormwater management) and refuse.

The government-wide financial statements include the City of Rolling Meadows, and its discretely presented component unit, the Rolling Meadows Public Library, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

At year-end, the City of Rolling Meadows maintains ten individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Motor Fuel Tax Fund, the Debt Service Fund, the Local Roads Fund, the Fire Stations Fund, and the TIF #4 Golf Road Fund, all major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and may be found elsewhere in this report.

The City of Rolling Meadows adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds
The City of Rolling Meadows maintains two different types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two enterprise funds to account for its Utilities and Refuse Collection Funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains five internal service funds: the Municipal Garage and Vehicle Replacement Funds account for its fleet of vehicles; the Buildings and Land Fund accounts for building maintenance and improvements; the Liability Insurance Fund accounts for general liability insurance as well as workers' compensation; and the Health Insurance Fund accounts for health insurance premiums (including retirees). Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utilities and Refuse Collection Funds. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds
Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the City. The fiduciary funds include both pension funds for sworn police officers and firefighters. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedules for the General Fund and the Motor Fuel Tax Fund. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

Infrastructure Assets

The City depreciates its assets (infrastructure - buildings, roads, sidewalks bridges, watermains, storm sewers, certain vehicles and equipment per the City's capital asset policy) over the assets' useful life.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

In FY 2021 the City's total net position was $115.6 million and in FY 2025 the City's total net position was $137.8 million. The change in net position for the current year is primarily due to the reduction in the City's net pension liability for the City's Police Pension and Firefighter' Pension Funds which are reflected in the financials. When comparing the last two fiscal years, the overall change is an increase of 2.8% in the City's total net position or $3.8 million which is relatively flat to FY 2024. The following table and graph display the City's net position for the past five years.

TABLE 2. City of Rolling Meadows Net Position (in thousands)

Net Position		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Governmental Activities (in Thousands)	$	90,133	100,585	104,374	104,442	107,717
Business-Type Activities (in Thousands)		25,483	24,577	28,691	29,524	30,033
Total City Net Position		115,616	125,162	133,065	133,966	137,750
$ Change from Previous Year		15,701	9,546	7,903	901	3,784
% Change from Previous Year		15.7%	8.3%	6.3%	0.7%	2.8%

TABLE 3. Condensed Statement of Net Position comparison of FY 2024 and FY 2025.

TABLE 3. City of Rolling Meadows
Statement of Net Position
As of December 31, 2024 and December 31, 2025
(in millions)

		Governmental		Business-Type		Total Primary Government	
		2024	2025	2024	2025	2024	2025
Current and Other Assets	$	64.3	69.6	11.8	10.9	76.1	80.5
Capital Assets		155.9	157.4	26.3	27.6	182.2	185.0
Total Assets		220.2	227.0	38.1	38.5	258.3	265.5
Deferred Outflows of Resources		14.9	10.5	0.8	0.2	15.7	10.7
Total Assets and Deferred Outflows of Resources		235.1	237.5	38.9	38.7	274.0	276.3
Current Liabilities		6.7	10.9	2.1	2.2	8.7	13.1
Noncurrent Liabilities		100.3	82.0	7.2	5.3	107.5	87.3
Total Liabilities		107.0	92.9	9.2	7.5	116.2	100.4
Deferred Inflows of Resources		23.6	36.9	0.2	1.2	23.8	38.1
Total Liabilities and Deferred Inflows of Resources		130.7	129.8	9.4	8.7	140.0	138.5
Net Position							
Net Investment in Capital Assets		140.0	142.1	21.1	22.8	161.1	164.9
Restricted		3.0	6.1	—	0.1	3.0	6.2
Unrestricted (Deficit)		(38.5)	(40.5)	8.4	7.1	(30.1)	(33.4)
Total Net Position		104.4	107.7	29.5	30.0	134.0	137.8

** Note: Rounding difference will occur between Annual Comprehensive Financial Report, this Table and other Tables.*

Current Year Financial Impacts

The City's total net position across governmental and business-type activities is $137.8 million (which is considered the City's bottom line). The City's net position reported an increase of $3.8 million from FY 2024 ending position as shown in Table 3. This was a result of governmental activities reporting an increase in net investment capital assets specifically related to highways and streets and capital projects.

The City's net position is classified into three categories according to the order of their relative liquidity. These include assets invested in capital, restricted net position, and unrestricted net position. By far the largest portion of the total City of Rolling Meadows' net position shown in the summary Table 3, $164.9 million reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings, infrastructure, machinery and equipment, vehicles, subscription assets, waterworks system, sewerage systems, and garage), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

A portion of the City of Rolling Meadows' net position (approximately $6.2 million) represents resources that are subject to external restrictions as to how they may be used. These restrictions include $1.1 million for public safety which represents the combined ending fund balances for the 911 Fund, the Foreign Fire Insurance Fund and the Police Asset Seizure Fund. The remainder of the restricted net position is for Highways and Streets which equals $0.7 million for the fund balance in the Motor Fuel Tax Fund for FY 2025.

Unrestricted net position consists of net position that does not meet the definition of net position invested in capital assets or restricted net position. At the end of the current fiscal year, the City of Rolling Meadows reports a negative unrestricted net position for the government as a whole, in the amount negative $33.4 million which is an improvement of $3.3 million from FY 2024. For governmental activities and business-type activities, the increase is attributed to changes in long-term liabilities.

Change in Net Position in the Statement of Activities

The fiscal year 2025 activities of the City of Rolling Meadows caused total net position to increase by $3.3 million for governmental activities and to increase by approximately $0.5 million for business-type activities. The City continues, as a whole, to keep a diversified base of assets. The City of Rolling Meadows' total net position at the end of the end of fiscal year 2025 is $137.8 million. Key elements of net position are shown on Table 4 on the following page. The basic premise of this financial statement is to reflect the relative type of revenue in that the format identifies how each function of the government on the whole draws from general revenues, utility fees, grants, or other fees.

TABLE 4. City of Rolling Meadows
Changes in Net Position
For the Fiscal Years Ended December 31, 2024 and December 31, 2025
(in millions)

	Governmental		Business-Type		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Revenues						
Program Revenues						
Charges for Services	$ 9.3	6.9	15.4	16.1	24.8	23.0
Operating Grants/Contributions	0.6	0.3	—	—	0.6	0.3
Capital Grants/Contributions	1.6	1.3	—	—	1.6	1.3
General Revenues						
Property Taxes	17.1	13.1	—	—	17.1	13.1
Other Taxes	19.0	21.1	—	—	19.0	21.1
Other Revenues	2.2	2.6	0.2	0.2	2.4	2.8
Total Revenues	49.9	45.3	15.6	16.3	65.5	61.6
Expenses						
Governmental Activities						
General Government	1.4	(0.8)	—	—	1.4	(0.8)
Public Safety	33.4	32.5	—	—	33.4	32.5
Highway & Streets	1.8	2.2	—	—	1.8	2.2
Public Works	7.5	7.5	—	—	7.5	7.5
Economic Development	2.5	0.1	—	—	2.5	0.1
Interest	0.5	0.5	—	—	0.5	0.5
Business Type Activities						
Utilities	—	—	11.9	12.8	11.9	12.8
Refuse	—	—	2.7	2.9	2.7	2.9
Total Expenses	47.2	42.0	14.6	15.8	61.8	57.8
Change in Net Position	2.7	3.3	1.0	0.5	3.7	3.8
Net Position - Beginning as Previously Reported	104.4	104.4	28.7	29.5	133.1	134.0
Restatement - Change in Accounting Estimates	(2.7)	—	(0.1)	—	(2.8)	—
Net Position - Beginning as Restated	101.7	104.4	28.5	29.5	130.3	134.0
Net Position Ending	104.4	107.7	29.5	30.0	133.9	137.8

** Note: Rounding difference will occur in this Table.*

For FY 2025 program revenues (all governmental revenues combined) compared to FY 2024 - Property taxes decreased by approximately $3.9 million due to the delay in collection and remittance by Cook County. It is anticipated that the FY 2026 property taxes will be increased by the amount not received/attributable to FY 2025. State and Home Rule Sales Taxes increased $1.5 million due to a shift in collections that reassigned certain purchases from Use Tax to a Sales Tax and increased sales.

Operating grants/contributions for public safety consisted of a total of approximately $0.3 for FY 2025 which support operations in the City's Human Services Department. For capital grants/contributions, this consists of a total of $1.3 million. This amount is comprised of amounts for local roadway improvement grants and for the state motor fuel tax annual allotment.

Governmental activities expenses decreased by approximately $5.1 million from FY 2024 to FY 2025. For General Government, the overall change from FY 2024 to FY 2025 is mainly due to a decrease in long-term liabilities.

For FY 2025 business-type activities in terms of charges for services, there were rate changes in the Utilities Fund. he Chicago Department of Water Management charge to supply water has been increasing at 5% annually via Northwest Suburban Municipal Joint Action Water Agency (NSM-JAWA) and is projected to continue at that rate. NSM-JAWA is actively working to find ways to reduce the increase that is being passed on from the City of Chicago, and, if successful, any decrease in the cost will be updated in a future capital plan. However, it is anticipated that any rate reduction would not take place until after 2028.

For the Refuse Fund and during 2026, the City will be reviewing how garbage, recycling, and yard waste services can continue in a reliable and affordable way in the future. This review will also include the garbage transfer station and how it connects to these services. The goal is to find the best long-term plan for keeping service dependable and practical while giving residents clear updates at each major step.

For FY 2025 business-type activities in terms of expenses, for the City's Statement of Activities, the Utilities Fund and the Refuse Fund recognize non-cash items such as OPEB and IMRF expenses.

Governmental Activities

<u>Revenues:</u>

Total revenues for the City's Governmental Activities for FY 2025 were $45.3 million which shows a decrease of $4.5 million from FY 2024. Charges for Services were $6.9 million, Operating and Capital Grants were approximately $1.6 million; Property Taxes (includes the TIF revenues - with increases in EAV) were $13.1 million, Other Taxes were approximately $21.1 million and Other Revenues comprise the remainder of total revenues.

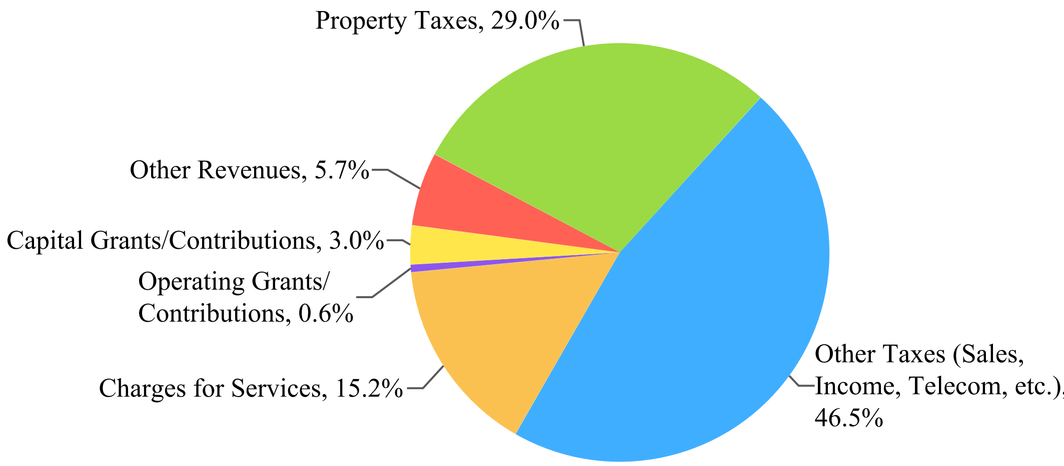
Cook County delayed the issuance of property tax bills and the related payment schedule for all county residents. As a result, the County's distribution of tax revenues to the City was also delayed. The impact was significant, as approximately $4.0 million in revenue was not received until the subsequent fiscal year and therefore was not recognized in fiscal year 2025.

The following chart reflects the percentage breakdown for each of the categories of governmental activities revenue. Taxes such as sales tax (state and home rule), telecommunications taxes, electric utility tax, hotel tax, food and beverage tax, real estate tax, income tax and other taxes account for a share at approximately 46.60% of total governmental activity revenue. Property Taxes are at 29.00% or $13.1 million (this includes the TIF revenue), charges for services at 15.20%, operating grants/contributions at 0.60%, capital grants/contributions at 3.00%, other taxes at 46.60%, and Other Revenues at 5.70%. The City has a balanced and diversified revenue stream to help with the City's overall fiscal strength and sustainability.

Governmental Activities - Continued

Revenues - Continued:

2025 Governmental Activities Revenues

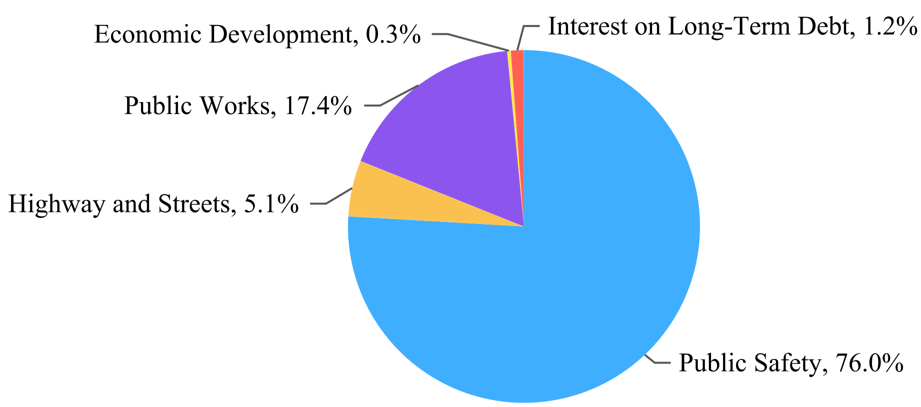


Expenses:

Total expenses for the City's governmental activities for FY 2025 were approximately $42.0 million - an approximate decrease of $5.1 million from FY 2024.

The following chart reflects the percentage breakdown for each of the categories of governmental activities expenses.

2025 Governmental Activities Expenses



Typical to a municipality such as the size of the City of Rolling Meadows, public safety - police and fire operations - comprise a large share of the governmental activities. For the City of Rolling Meadows, public safety expenses are 77.31% or $32.5 million. Public safety includes police and fire public safety operations in the General Fund, 911 Emergency Telephone Fund expenditures, Foreign Fire Insurance Fund expenditures and Asset Seizure Fund expenditures (non-capital).

Governmental Activities - Continued

Expenses - Continued:

It is important to highlight that the police and firefighters' pension expenses are budgeted and expended from the public safety budget. The employer contribution for Police and Firefighters' Pensions comprised approximately $7.8 million or 16.6% of the total Governmental activities' expenses. The employer contribution (levied on the City's property tax levy) for the Police Pension Fund was $3.6 million and for the Firefighters' Pension Fund was $4.2 million.

For the other categories in governmental expenses, Highways and Streets (State Motor Fuel Tax Fund and Local Roads Fund - contractual/supply items) is approximately 5.22%, Public Works (across various funds) is 17.74%, Economic Development is at 0.33% (includes bonds) and Health/Welfare is less than 1%, and interest on long-term debt is 1.22%.

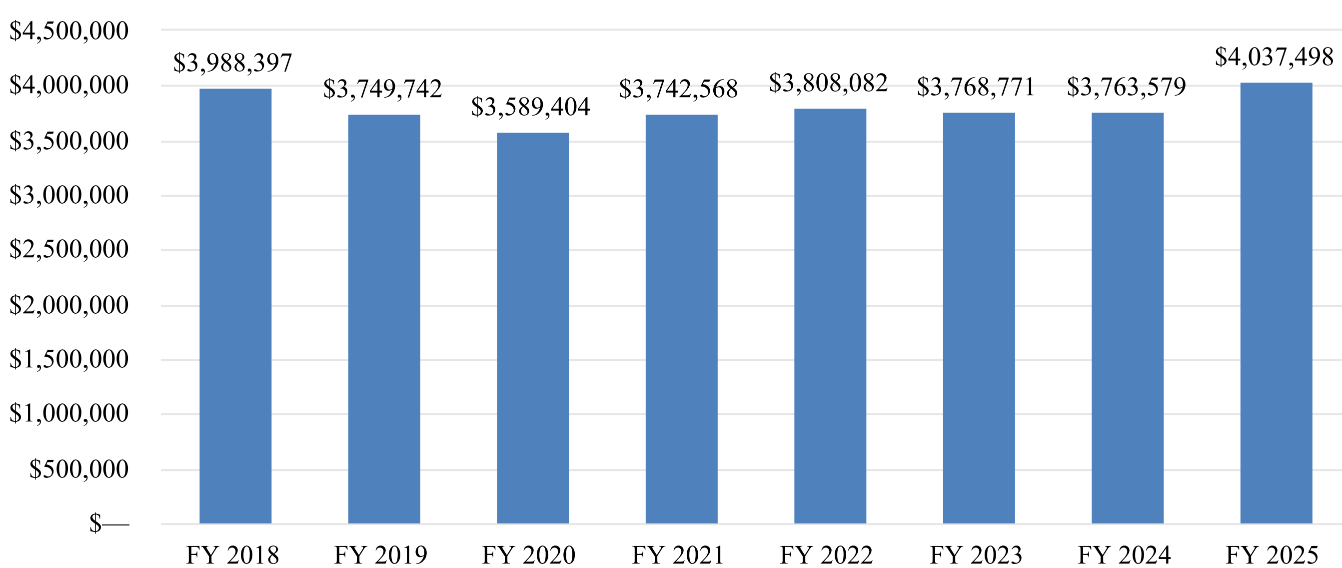
Business-Type Activities

Total revenues or charges for services for the City's business-type activities for FY 2025 were $16.1 million, of which is comprised of $13.1 million for the Utilities Fund and $2.6 million for the Refuse Collection Fund. The major revenue components of the charges for services classification for business-type activities are fees from the City's Utilities Fund (water, sewer, refuse and stormwater) and Refuse Fund.

Total expenses for the City's business-type activities for FY 2025 were $15.8 million, an increase of $1.1 million from FY 2024.

Of the total operating expenses for business-type activities for Utilities, approximately 55.9% is related to water, 10.5% to sewer, 6.8% to stormwater, and the remainder to administrative, debt, and depreciation/amortization costs. For FY 2025, the City paid $4,037,498 to the Northwest Suburban Municipal Joint Action Water Agency (JAWA) for the City's water supply, an increase of 7.28% or $273,919 from year-over-year. It is also important to note on the statement of net position; the City holds an Investment in Joint Venture with JAWA. The City's share of the net position of JAWA at December 31, 2025 was $289,842.

JAWA Water Costs Annually - FY 2018 to FY 2025



Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing resources available at the end of the year in comparison with the City's upcoming financing requirements. As of December 31, 2025, the governmental funds reported a combined fund balance of $22.5 million, a decrease of $4,436,350 from FY 2024.

The General Fund ended with a $15.3 million total fund balance for FY 2025. The General Fund is above the fund balance of 20% for total fund balance. For FY 2025, the City's Unassigned General Fund Balance is $15.3 million which is 35.9% of expenditures to fund balance or 55.2% based on the fund balance policy. Due to planned fund balance use and the delay in the receipt of the 2025 property tax, the General Fund's balance decreased $3.6 million from FY 2024.

There were some other changes to note - the Motor Fuel Tax Fund's fund balance decreased from $1,504,761 in FY 2024 to $741,922 for FY 2025. With the FY 2025 budget adoption, a larger portion of the City's annual road reconstruction projects were paid for by the Motor Fuel Tax Fund following the pattern set in the prior year's budget.

The 911 Emergency Telephone Fund decreased its fund balance from $1,284,076 in FY 2024 to $969,047. The 911 Emergency Telephone Fund has a fund balance policy which strives to hold one to one and half times the expenditures in the fund as reserves. The decrease in fund balance is due to the State unfunded mandate to require Police to wear body cameras. During FY 2024, Police contracted with Axon to lease the body camera, tasers, and data storage for a 10-year term. Since it's also a Subscription-Based Information Technology Arrangements, GASB 96 applied. With the FY 2026 budget adoption, City Council increased the property tax levy by $60,000.

The Debt Service Fund remained at $0 in FY 2025. This fund paid for debt service and its associated administration through FY 2024. The debt service associated with the fund is completed. However, this fund will remain open as the City has taken on new debt service in 2026 and will be tracked through this fund.

The Local Roads Fund's balance decreased from $140,387 in FY 2024 to negative $743,771. This fund's revenue sources are trending flat or decreasing while the need for road maintenance and repair remains with increasing costs in materials, supplies and labor. As part of the FY 2026 Budget, the City issued a 2026 General Obligation Bond to fund the FY 2026 and FY 2027 projects. There will be further consideration by City Council if a second debt issuance will be needed in 2027.

The Fire Stations Fund's balance increased from $1,053,835 in FY 2024 to $1,254,708. The funding for the Fire Stations Fund 2018 debt shifted from the property tax levy through abatement to other funding sources within the City's General Fund in FY2024. Annually, the City staff will transfer the annual payment from the General Fund to this fund. With the timing of the principal and interest payments, there is a delay in payment from the receipt of the transfer. This will continue until the debt service is competed.

Financial Analysis of the Government's Funds - Continued

Governmental Funds - Continued

The TIF #2 (Kirchoff & Owl) Fund increased its position from a $760,138 in FY 2024 to $1,017,888 in FY 2025. This TIF closed as of December 2025. However, during FY 2024, the City undertook a Kirchoff Road Corridor Planning study which ultimately identified the green space as a focal point for redevelopment. This TIF now has $1,017,888 set aside for development.

The TIF #4 (Golf Road) Fund's fund balance was increased. his Fund includes a redevelopment agreement with AJ Gallagher. Due to delays by Cook County in remitting property tax payments to the City for prior years, no redevelopment payment was made in FY 2025. With an anticipated return to a normal property tax payment cycle, two redevelopment payment will be made in FY 2026. These payments are based on property taxes paid by AJ Gallagher on designated parcels within the TIF district. The process involves taxes being paid by Gallagher to Cook County, which then remits the funds to the City, after which the City distributes payment to Gallagher per the terms of the agreement. The FY 2025 fund balance is $3,815,658. FY 2025 is the 11th year of its shortened term of fifteen years. he length of the TIF could be expanded past 15 years due to a lowered reassessment of the main parcel which may delay reaching the ultimate incentive payment total of $30 million.

The three remaining governmental funds are restricted for use. These Funds are not governed by the City of Rolling Meadows; separate governing authorities may authorize the use of the funds to offset certain City expenditures. In FY 2025, the 911 Emergency Telephone Fund paid for $849,550, the Foreign Fire Tax Fund paid for $106,883 and the Police Asset Seizure Fund paid for $32,216 in expenditures.

General Fund Budgetary Highlights

The General Fund represents approximately 64% of the City's operating activities and accounts for the majority of the City's primary activities. The City's General Fund has stabilized over the last several years with reduction in expenditures and better than anticipated revenues in some areas (many of these revenues are one-time increases). For FY 2025, the City developed its adopted budget with a planned use of reserves in the General Fund. The planned use of reserves totaled approximately $3.5 million and is shown in the General Fund Budgetary Highlights under "Original Budget". The majority of the planned draw down was restoring a portion of the chargebacks to other funds that were subsidized in prior years. The General Fund transferred $0.7 million to the Fire Stations Fund for the 2018 General Obligation Bond debt service.

For 2025, the General Fund revenues came in at $39.5 million or 96.1% of the budgeted revenues. As stated earlier, Cook County's delay in issuing and collecting the annual property taxes for the County and then delayed remittance to the City cause the FY 2025 revenues to come in below budget. Since it is a delay in receipt, the FY 2026 revenues should be higher in property tax collections reflecting the delayed payment. Additionally, the delay in payment to the City reduced the overall investment returns as the City did not have the money to invest as planned.

Financial Analysis of the Government's Funds - Continued

Governmental Funds - Continued

General Fund Budgetary Highlights - Continued

General Fund Budgetary Highlights Detail				
	Original	**Final**	**Actual**	**% of Actual to Final**
Revenues				
Taxes	$ 25,107,687	26,912,357	25,463,721	94.6%
Intergovernmental	5,632,870	5,632,870	5,426,524	96.3%
Licenses and Permits	776,966	776,966	966,227	124.4%
Charges for Services	5,551,312	5,551,312	5,386,613	97.0%
Fines and Forfeitures	1,064,006	571,144	525,538	92.0%
Investment Income	850,000	1,214,401	1,192,973	1.8%
Miscellaneous	407,456	460,864	564,966	122.6%
Total Revenues	39,390,297	41,119,914	39,526,562	96.1%
Expenditures				
General Government	5,229,690	5,229,690	5,155,996	98.6%
Public Safety	32,516,911	32,600,445	32,245,647	98.9%
Public Works	5,067,693	5,067,693	5,057,154	99.8%
Health/Welfare and Culture	5,910	5,910	4,818	81.5%
Economic Development	67,925	67,925	68,811	101.3%
Debt Service				
Principal Retirement	42,259	42,259	119,919	283.8%
Interest and Fiscal Charges	2,297	2,297	3,718	161.9%
Total Expenditures	42,932,685	43,016,219	42,656,063	99.2%
Excess of Revenues Over (Under) Expenditures	(3,542,388)	(1,896,305)	(3,129,501)	(65.0%)
Other Financing Sources (Uses)				
Debt Issuance	—	—	178,578	100.0%
Transfers Out	(699,000)	(699,000)	(699,000)	100.0%
	(699,000)	(699,000)	(520,422)	74.5%
Net Change in Fund Balance	(4,241,388)	(2,595,305)	(3,649,923)	
Fund Balance - Beginning - FY 2025			**18,952,424**	
Fund Balance - Ending - FY 2025			**15,302,501**	

The preceding chart shows the detail for the FY 2025 Original/Final Budget and the FY 2025 Actual results. The chart also shows the percentage of the Actual results to the Final Budget. In FY 2025, the City's final/amended budget shows $41.1 million for revenues and actual revenues received were $39.5 million or $1.6 million under the final/amended budget. The City's General Fund's revenues came in 3.9% under budget and expenditures came in less than one percent under budget or $0.36 million.

The other financing uses included budgeted transfers of $699,000 to the Fire Stations Fund.

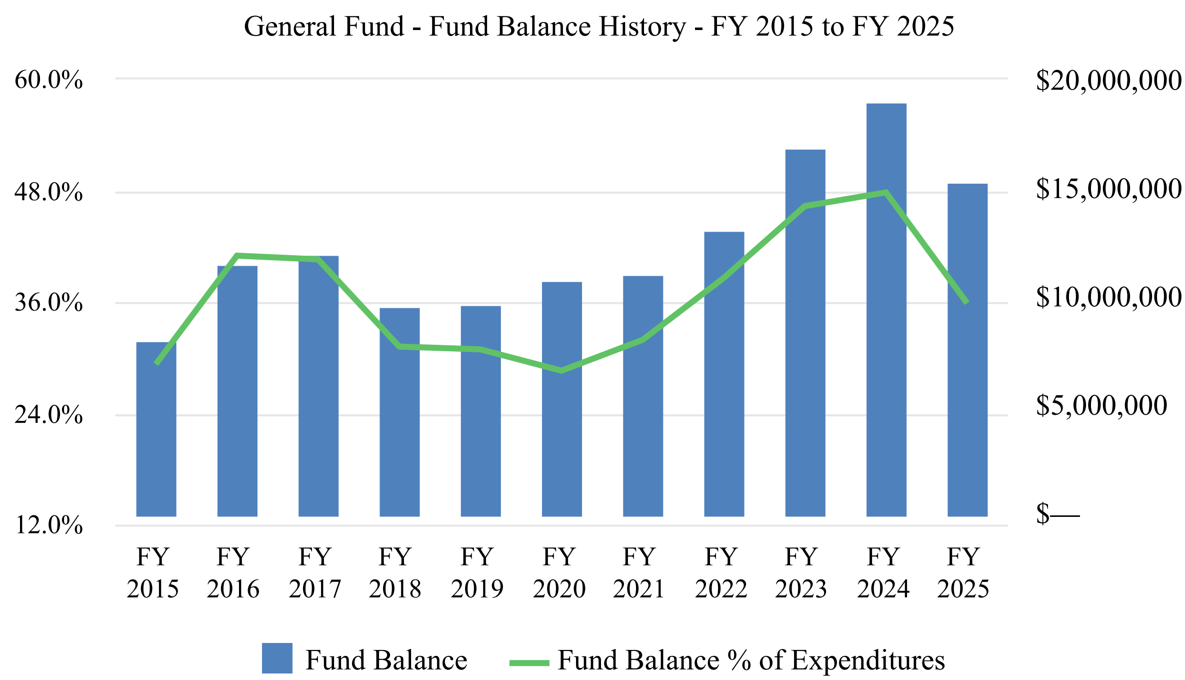
Financial Analysis of the Government's Funds - Continued

Governmental Funds - Continued

General Fund Budgetary Highlights - Continued

As of December 31, 2025, the total fund balance for the General Fund was $15.3 million or 35.9% of General Fund operating expenditures excluding transfers in or out of the General Fund. Of the total fund balance, $15.3 million (or 35.9% of FY 2025 operating expenditures) is unassigned fund balance (available fund balance for about three months of activities in the General Fund) and is available to meet the City's ongoing obligations to its residents, businesses and creditors.

The next chart reflects the historical look over the last ten years and the overall gains for the General Fund (Unassigned Fund Balance).



General Fund - Revenues

General Fund revenues ended for the fiscal year with approximately $1.6 million lower than the FY 2025 Budget. Shown in the next chart, there are nineteen revenue line items that make up the majority of General Fund revenues (or 86% of total General Fund Revenues). The FY 2025 actual to the FY 2025 Budget shows an increase of 5.6% or $1.95 million in these major line items.

As discussed before, Cook County delayed issuance and collection for the 2024 property taxes which are typically received in full by the City during 2025. Because of the delay, the property taxes came in below budget by $2.4 million or 23.5%. The remainder of the 2024 taxes have been trickling into the City during 2026. The County anticipates returning to a normal collection cycle in the 2026 year for the 2025 property taxes. This means the City's 2026 collections should be above the 2026 annual budget by the $2.4 million in delayed collections. Even with the delay in collections, overall, property taxes continue to remain a reliable and consistent source of revenue for the City.

The State of Illinois has Sales and Use taxes. The City also has a Home Rule Sales tax. These together are applied to sales that occur within the City. Depending on the sale and how the sale occurs will determine which tax(es) apply. The State recently shifted some of the collections from Use to Sales tax. Therefore, looking at these three revenues together, for FY 2025, there was an increase in collections of $392,618 or 3.73% indicating stronger sales within the City.

Financial Analysis of the Government's Funds - Continued

Governmental Funds - Continued

General Fund - Revenues - Continued

Food and Beverage and Hotel Taxes are also notable. These two taxes came in over budget for FY 2025 by $128,294 or 5.73%. These tend to indicate the City is attracting visitors to the area and that there is growing interest in dining at the City food establishments.

The following chart summarizes approximately 85.0% of the General Fund's key revenue line items.

Major Revenue Sources - Budget to Actual (Approximately 86% of General Fund Revenues)

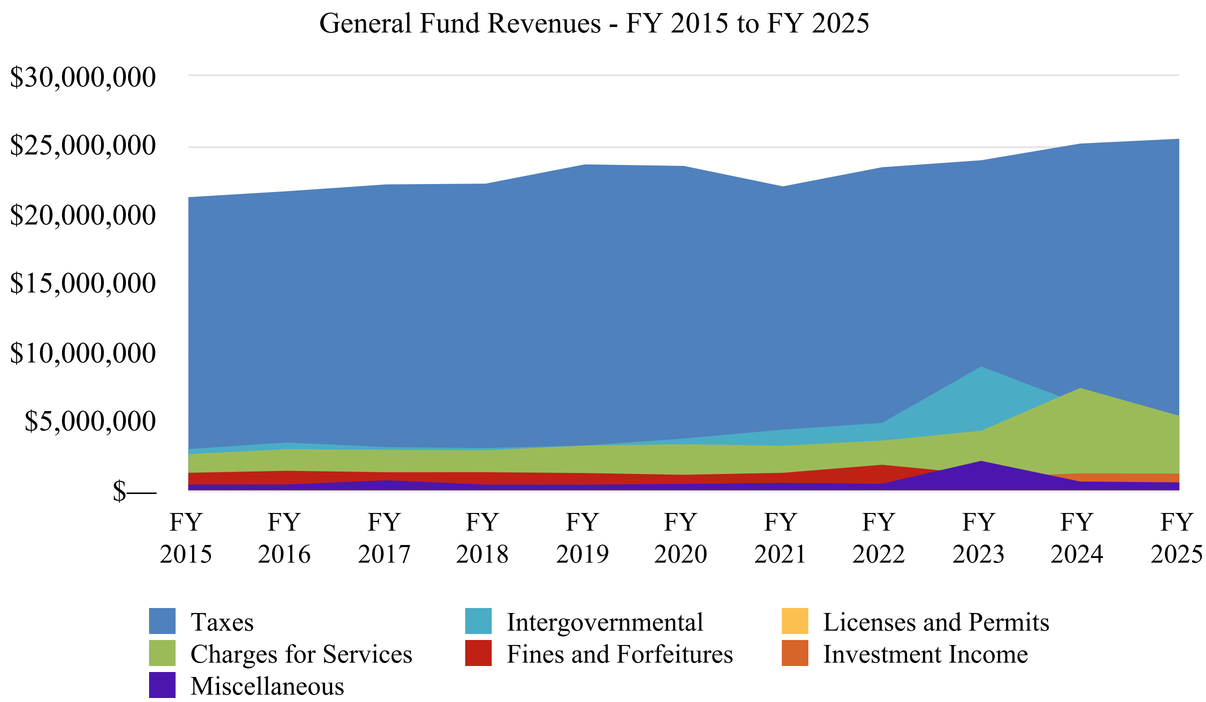
	Budget	Actual	$ Change	% Change
Property Taxes - Prior Years' Taxes	$ (250,000)	$ (199,261)	$ 50,739	—%
Property Taxes - Current Levy	4,532,053	2,556,935	(1,975,118)	(43.6%)
Property Taxes - Police Pension	3,445,837	3,243,042	(202,795)	(5.9%)
Property Taxes - Fire Pension	4,823,570	4,565,911	(257,659)	(5.3%)
Municipal Sales Tax	5,651,745	5,920,023	268,278	4.7%
Home Rule Sales Tax	4,418,853	4,786,092	367,239	8.3%
Telecommunications Tax	500,000	514,813	14,813	3.0%
Electric Utility Tax	950,000	1,020,666	70,666	7.4%
Hotel Tax	450,000	524,668	74,668	16.6%
Food and Beverage Tax	1,789,249	1,842,875	53,626	3.0%
Real Estate Transfer Tax	380,000	473,425	93,425	24.6%
Cable Franchise Fees	221,050	214,532	(6,518)	(2.9%)
State Income Tax	4,363,502	4,382,701	19,199	0.4%
Local Use Tax	460,000	217,101	(242,899)	(52.8%)
Replacement Tax	235,599	280,306	44,707	19.0%
Building Permits	250,000	423,776	173,776	69.5%
Red Light Enforcement Fines	425,000	346,144	(78,856)	(18.6%)
Ground Emer Medical Transport	2,693,777	3,747,188	1,053,411	39.1%
Investment Income	1,214,401	1,192,973	(21,428)	(1.8%)
	36,554,636	**36,053,910**	**(500,726)**	**(1.4%)**

The next chart shows trend data for General Fund revenues from FY 2015 to FY 2025. Overall the City's General Fund revenues are diversified. To gain a sense of how current year impacts affected General Fund revenues, major revenue line items are explained in further depth following this chart.

Financial Analysis of the Government's Funds - Continued

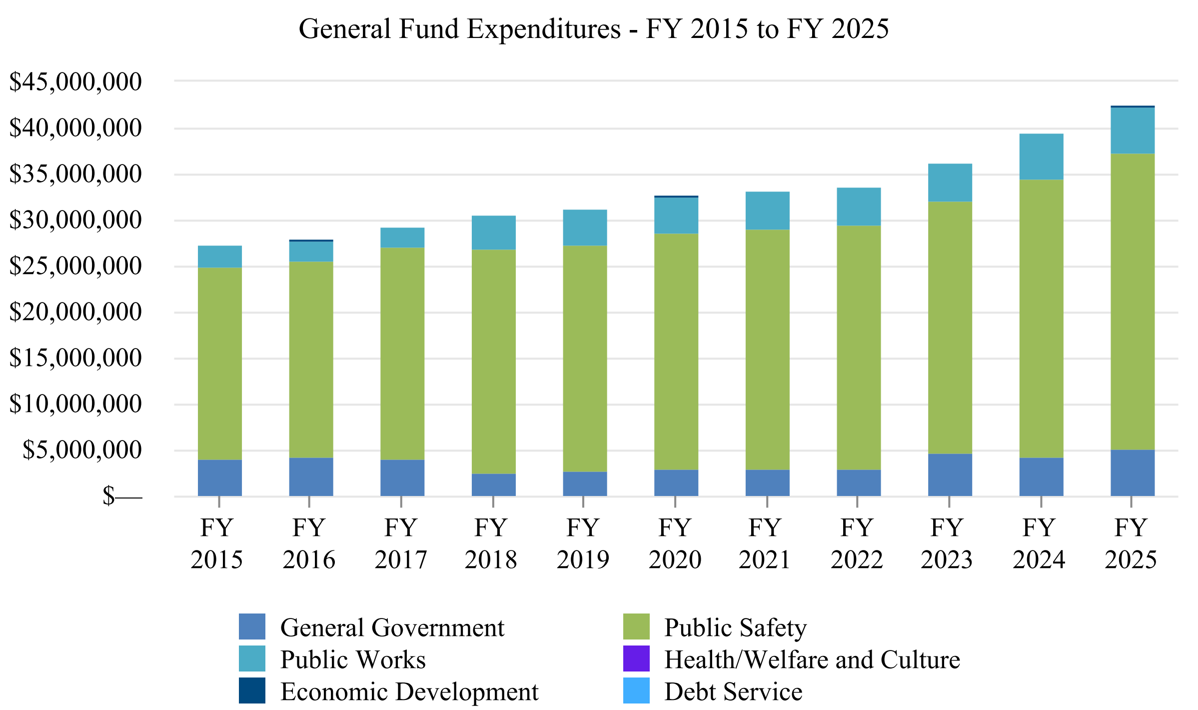
Governmental Funds - Continued

<u>General Fund - Revenues - Continued</u>



The City of Rolling Meadows has a diversified mix of General Fund revenues and is resilient in its composition of revenues. Remaining line items aside what were mentioned came in for the most part near, at or above budget.

<u>General Fund - Expenditures</u>



Financial Analysis of the Government's Funds - Continued

Governmental Funds - Continued

General Fund - Expenditures - Continued

The General Fund expenditures chart shows expenditures from FY 2015 to FY 2025. The FY 2025 year-end results show that the General Fund's total expenditures came in at $42.7 million which is $360.2 thousand, or less than one percent under budget. The City's past experience shows that expenditures typically fall below the budgeted amount each year.

General Government ended with 98.6% of the FY 2025 Budget or $73,694 under budget; Public Safety ended at 98.9% or $354,798 under budget; Public Works ended at 99.8% or $10,539 under budget; Health/Welfare and Culture ended at 81.5% or $1,092 under budget; and Economic Development ended at 101.3% or $886 over budget.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but include long-term outflows and capital assets. The total net position of the Utilities and Refuse Collection Funds at the end of the year amounted to a total of $30.0 million - increased by $0.5 million from FY 2024. The Utilities Fund increased its net position from $28.8 million in FY 2024 to $29.5 million in FY 2025. The Refuse Fund decreased its net position from $709,287 in FY 2024 to $556,224 in FY 2025. There were rate increases in both these funds as outlined earlier in the report.

Capital Asset and Debt Administration

Capital Assets - The City of Rolling Meadows' net investment in capital assets for its governmental and business-type activities as of December 31, 2025 amounts to $164.9 million (net of accumulated depreciation) (see Statement of Net Position). This investment in capital assets includes land, construction in progress, land improvements, buildings, infrastructure, vehicles, machinery and equipment, subscription arrangements, waterworks system, sewerage system, and garage. The following table summarizes the changes in capital assets. The governmental activities net capital assets increased by approximately $1.5 million with the adherence to GASB Statement No. 96 and the recording of the Subscription-Based Information Technology Arrangements.

The business-type activities net capital assets increased by $1.5 million with the addition of new capital assets and the depreciation/amortization of existing assets (mostly the underground utilities projects).

City of Rolling Meadows
Capital Assets at Year End
Net of Depreciation/Amortization
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Land	$ 101.7	101.7	—	—	101.7	101.7
Land Improvements	3.0	3.0	2.3	1.4	5.3	4.4
Construction in Progress	0.2	0.2	0.2	0.2	0.4	0.4
Buildings	15.9	15.5	0.8	0.7	16.7	16.2
Machinery & Equipment	22.4	22.8	22.7	25.0	45.1	47.8
Infrastructure	1.6	2.8	0.2	0.2	1.8	3.0
Vehicles	6.8	7.5	—	—	6.8	7.5
Subscription Arrangements	4.3	4.0	0.1	0.1	4.4	4.1
Total	155.9	157.5	26.3	27.6	182.2	185.1

** Rounding differences may occur.*

Capital Asset and Debt Administration - Continued

The City of Rolling Meadows produces a five-year Capital Improvements Plan (CIP) and updates it annually. As part of the City's CIP and in the City's FY 2025 Budget, the City invested approximately $16.1 million in capital improvements (assets and other improvements). Investing and maintaining the City's capital assets is essential for the City's overall financial strength and for the benefit of the City's residents and businesses.

Additional information on the City of Rolling Meadows' capital assets may be found in Note 3 of this report.

DEBT OUTSTANDING

At the end of the fiscal year 2025, the City of Rolling Meadows had total debt outstanding of $17.6 million and 100% comprises debt backed by the full faith and credit of the government. The City retired $0.8 million in general obligation bonds and $0.0 million in subscription arrangements in FY 2025.

City of Rolling Meadows
Outstanding General Obligation Debt (in millions)

		Governmental Activities		Business-Type Activities		Total Primary Government	
		2024	2025	2024	2025	2024	2025
General Obligation Bonds	$	10.9	10.3	3.5	3.3	14.3	13.6
Subscription Arrangements		4.2	4.0	0.1	0.1	4.3	4.0
		15.1	14.3	3.5	3.3	18.6	17.6

** Rounding differences may occur.*

In December 2025, Standard & Poor's Rating Services reaffirmed the City's long-term rating on the City of Rolling Meadows' general obligation bonds to AA+ based on Standard & Poor's local General Obligation rating criteria. Standard & Poor's highlighted the City's exceptional management and predictable financial performance and pointed out these key factors for the strong rating:

1. Proximity to downtown Chicago, O'Hare International Airport, and the intersection of interstates 90 and 290,
2. Robust policy and prudent management practices,
3. Intentional financial planning, and
4. Manageable debt and pension liability burden.

In November of 2014, Moody's Investor Service upgraded Rolling Meadows' general obligation (GO) bond rating to Aa3 from a previous rating of A1, reflecting the agency's confidence in the City's overall financial health. The Moody's report cited a substantial increase in the City's reserves levels as well as a strong capacity to meet financial obligations. In March of 2018, Moody's reaffirmed the City's bond rating of Aa3

The City of Rolling Meadows has taken advantage of low-interest loans from the Illinois Environmental Protection Agency (IEPA) for construction and eligible engineering costs associated with water main improvements and sewer works improvements. The IEPA Loans are paid from the City's Utilities Fund. The IEPA Water Loan Payable at December 31, 2025 for the Waterworks Improvements is $588,045. The IEPA Sewer Loan Payable at December 31, 2025 is $651,598. The City began making payments on both of the IEPA Loans in FY 2014. These loans will be paid back by FY 2034.

The City of Rolling Meadows, under its home rule authority, does not have a legal debt limit.

Additional information on the City of Rolling Meadows' long-term debt may be found in Note 3 of this report.

Economic Factors and Next Year's Budget

The City's strong fund balances are important to the City's financial stability and resiliency. The City's balance sheet continues to remain strong with solid cash reserves. The City continues to maintain an investment grade credit rating. Fiscal Year 2025 showed continued economic recovery and activity across the City, hopefully leading to greater economic activity and growth. The City has resources in place to assist businesses as they look to move into the City or expand within the City.

The Fiscal Year 2025 budget process began with the development of a Five-Year Financial Forecast. The Five-Year Financial Forecast (FYF) provides a framework for fiscal decisions. Its primary use is guiding the development of the annual budget and related matters, including the property tax levy. In addition, the FYF projects trends that may indicate future opportunities or threats to the City's fiscal condition. The FYF is intended to aid City Council in making decisions around the annual budget in the context of the City's anticipated ability to fund services and programs. The Forecast included eight funds: General, Motor Fuel Tax, Local Roads, Vehicle & Equipment, Building & Land, Refuse, Utilities, and E911 Funds

Looking ahead, the Five-Year Financial Forecast (FYF) showed that thoughtful changes in the current year can alter the course of the forecast and help the City realign revenues and their growth with expenditure growth and needs. In the majority of the funds, the 2025 FYF showed positive improvements as compared to the 2024 FYF. Continuing that proactive approach of making targeted adjustments with each annual budget, the City's budget strategy for FY 2026 focuses on three main priorities:

1. **Strong and Safe Infrastructure**
    - We will continue investing in the health of our local roads.
    - To spread costs fairly over time, the City is planning to issue bonds for road improvements. This approach eases the immediate tax burden by repaying projects gradually.
    - We are also introducing a modest Self-Storage Tax to help offset the wear and tear from larger vehicles using our streets, ensuring those who use the infrastructure more contribute more to its upkeep.
2. **Supporting Public Safety**
    - We are funding critical public safety needs, including the mandated use of police body cameras and dashboard cameras.
    - These investments help ensure transparency, accountability, and the safety of both residents and first responders.
3. **Long-Term Fiscal Stability**
    - The City will review and strengthen funding for essential services such as Local Roads and Refuse to ensure long-term stability.
    - By acting early, we can avoid sudden changes and keep services reliable and affordable for residents.

The FY2026 budget is implementing the Budget Strategy outlined above in the Five-Year Financial Forecast (FYF). The annual budget is for all 15 City funds not just the eight funds in the FYF. In conjunction with the budget, the Capital Improvements Plan (CIP) was developed.

The CIP is a financial planning tool that identifies and prioritizes long term capital projects and asset purchases and replacement. While the annual budget is a one-year look at the City's financial position, staff has reviewed a five-year look for the capital project funds. The five-year look provides a larger context for these funds that include projects and assets that span more than one-year for financing. Key projects include Algonquin & New Wilke, Weber Road, and Central Road improvements; water system upgrades at Pump Stations 2 & 5 and the Quentin JAWA Booster Station; and vehicle and facility replacements.

Requests for Information

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be addressed to the Finance Department, City of Rolling Meadows, 3600 Kirchoff Road, Rolling Meadows, IL 60008.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

Statement of Net Position
December 31, 2025

See Following Page

Statement of Net Position
December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 39,434,071	7,825,922	47,259,993	2,901,473
Receivables - Net of Allowances	25,360,981	2,548,466	27,909,447	6,657,951
Prepaids/Inventories	4,372,247	114,635	4,486,882	—
Total Current Assets	69,167,299	10,489,023	79,656,322	9,559,424
Noncurrent Assets				
Capital Assets				
Nondepreciable	104,685,523	1,446,448	106,131,971	608,893
Depreciable/Amortizable	133,830,634	50,940,400	184,771,034	10,115,566
Accumulated Depreciation/Amortization	(81,098,660)	(24,759,291)	(105,857,951)	(6,679,769)
Total Capital Assets	157,417,497	27,627,557	185,045,054	4,044,690
Other Assets				
Equity Interest in Joint Venture	—	289,842	289,842	—
Net Pension Asset - IMRF	406,234	141,985	548,219	149,473
Total Other Assets	406,234	431,827	838,061	149,473
Total Noncurrent Assets	157,823,731	28,059,384	185,883,115	4,194,163
Total Assets	226,991,030	38,548,407	265,539,437	13,753,587
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	226,977	79,331	306,308	83,515
Deferred Items - Police Pension	3,667,327	—	3,667,327	—
Deferred Items - Firefighters' Pension	5,705,829	—	5,705,829	—
Deferred Items - RBP	932,089	103,836	1,035,925	66,143
Total Deferred Outflows of Resources	10,532,222	183,167	10,715,389	149,658
Total Assets and Deferred Outflows of Resources	237,523,252	38,731,574	276,254,826	13,903,245

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 6,660,994	982,279	7,643,273	218,382
Accrued Payroll	741,310	76,336	817,646	85,291
Retainage Payable	30,000	14,105	44,105	—
Deposits Payable	772,969	617,085	1,390,054	—
Interest Payable	17,145	11,520	28,665	—
Other Payables	449,791	—	449,791	—
Current Portion of Long-Term Liabilities				
Compensated Absences Payable	960,605	76,437	1,037,042	9,638
Total OPEB Liability - RBP	292,226	32,546	324,772	20,737
General Obligation Bonds Payable - Net	639,041	194,566	833,607	—
IEPA Loans Payable	—	139,025	139,025	—
Subscription Arrangements	338,488	25,474	363,962	—
Total Current Liabilities	10,902,569	2,169,373	13,071,942	334,048
Noncurrent Liabilities				
Compensated Absences Payable	3,842,422	305,746	4,148,168	105,870
Net Pension Liability - Police Pension	25,109,485	—	25,109,485	—
Net Pension Liability - Firefighters' Pension	34,356,341	—	34,356,341	—
Total OPEB Liability - RBP	4,921,308	548,252	5,469,560	349,229
General Obligation Bonds Payable - Net	10,164,692	3,309,603	13,474,295	—
IEPA Loans Payable	—	1,100,618	1,100,618	—
Subscription Arrangements	3,639,252	26,863	3,666,115	—
Total Noncurrent Liabilities	82,033,500	5,291,082	87,324,582	455,099
Total Liabilities	92,936,069	7,460,455	100,396,524	789,147
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	15,486,905	—	15,486,905	4,632,400
Deferred Items - Leases	1,571,360	—	1,571,360	—
Deferred Items - IMRF	3,210,213	1,122,013	4,332,226	1,181,192
Deferred Items - Police Pension	7,197,436	—	7,197,436	—
Deferred Items - Firefighters' Pension	8,363,211	—	8,363,211	—
Deferred Items - RBP	1,040,882	115,957	1,156,839	73,864
Total Deferred Inflows of Resources	36,870,007	1,237,970	38,107,977	5,887,456
Total Liabilities and Deferred Inflows of Resources	129,806,076	8,698,425	138,504,501	6,676,603
NET POSITION				
Net Investment in Capital Assets	142,117,642	22,817,303	164,934,945	4,044,690
Restricted - Public Safety	1,141,656	—	1,141,656	—
Restricted - Retirement	406,234	141,985	548,219	—
Restricted - Highways and Streets	741,922	—	741,922	—
Restricted - Capital Projects	3,815,658		3,815,658	—
Restricted - Public Library	—	—	—	451,779
Unrestricted (Deficit)	(40,505,936)	7,073,861	(33,432,075)	2,730,173
Total Net Position	107,717,176	30,033,149	137,750,325	7,226,642

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

Statement of Activities
For the Fiscal Year Ended December 31, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	$ (767,685)	4,733,348	—	—
Public Safety	32,502,565	2,148,585	273,421	—
Highways and Streets	2,192,722	—	—	1,341,121
Public Works	7,459,824	—	—	—
Health and Welfare	4,818	—	—	—
Economic Development	137,729	—	—	—
Interest on Long-Term Debt	512,138	—	—	—
Total Governmental Activities	42,042,111	6,881,933	273,421	1,341,121
Business-Type Activities				
Utilities	12,847,743	13,342,490	—	—
Refuse Collection	2,922,898	2,769,835	—	—
Total Business-Type Activities	15,770,641	16,112,325	—	—
Total Primary Government	57,812,752	22,994,258	273,421	1,341,121
Component Unit - Public Library	4,689,528	9,207	60,777	—

General Revenues
- Taxes
  - Property
  - State Sales and Home Rule
  - Simplified Telecommunications
  - Electric Utility
  - Natural Gas
  - Hotel
  - Food and Beverage
  - Real Estate Transfer
  - Other Taxes
- Intergovernmental - Unrestricted
  - Income Taxes
  - Local Use Taxes
  - Replacement Taxes
  - Video Gaming Revenues
- Investment Income
- Miscellaneous
- Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/Revenues			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	Public Library
5,501,033	—	5,501,033	—
(30,080,559)	—	(30,080,559)	—
(851,601)	—	(851,601)	—
(7,459,824)	—	(7,459,824)	—
(4,818)	—	(4,818)	—
(137,729)	—	(137,729)	—
(512,138)	—	(512,138)	—
(33,545,636)	—	(33,545,636)	—
—	494,747	494,747	—
—	(153,063)	(153,063)	—
—	341,684	341,684	—
(33,545,636)	341,684	(33,203,952)	—
—	—	—	(4,619,544)
13,148,062	—	13,148,062	4,276,837
10,706,115	—	10,706,115	—
514,813	—	514,813	—
1,020,666	—	1,020,666	—
541,658	—	541,658	—
524,668	—	524,668	—
1,842,875	—	1,842,875	—
473,425	—	473,425	—
301,709	—	301,709	—
4,382,701	—	4,382,701	—
217,101	—	217,101	—
280,306	—	280,306	96,488
272,995	—	272,995	—
1,587,914	167,755	1,755,669	165,854
1,006,185	—	1,006,185	3,938
36,821,193	167,755	36,988,948	4,543,117
3,275,557	509,439	3,784,996	(76,427)
104,441,619	29,523,710	133,965,329	7,303,069
107,717,176	30,033,149	137,750,325	7,226,642

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

Balance Sheet - Governmental Funds
December 31, 2025

	General	Special Revenue Motor Fuel Tax
ASSETS		
Cash and Investments	$ 13,059,372	643,949
Receivables - Net of Allowances		
Property Taxes	16,493,985	—
Other Taxes	3,987,588	97,973
Accounts	307,025	—
Leases	1,660,691	—
Due from Other Funds	325,630	—
Total Assets	35,834,291	741,922
LIABILITIES		
Accounts Payable	516,557	—
Accrued Payroll	727,128	—
Retainage Payable	—	—
Deposits Payable	772,969	—
Due to Other Funds	3,707,864	—
Other Payables	449,791	—
Total Liabilities	6,174,309	—
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	12,786,121	—
Deferred Items - Leases	1,571,360	—
Total Deferred Inflows of Resources	14,357,481	—
Total Liabilities and Deferred Inflows of Resources	20,531,790	—
FUND BALANCES		
Restricted	—	741,922
Assigned	—	—
Unassigned	15,302,501	—
Total Fund Balances	15,302,501	741,922
Total Liabilities, Deferred Inflows of Resources and Fund Balances	35,834,291	741,922

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

	Capital Projects				
Debt Service	Local Roads	Fire Stations	TIF #4 Golf Road	Nonmajor	Totals
—	—	1,254,680	3,815,658	2,554,151	21,327,810
—	1,627,810	313,002	—	760,000	19,194,797
—	98,897	—	—	—	4,184,458
—	1,344	—	—	—	308,369
—	—	—	—	—	1,660,691
—	—	—	—	—	325,630
—	1,728,051	1,567,682	3,815,658	3,314,151	47,001,755
—	488,382	—	—	394,607	1,399,546
—	—	—	—	—	727,128
—	30,000	—	—	—	30,000
—	—	—	—	—	772,969
—	325,630	—	—	—	4,033,494
—	—	—	—	—	449,791
—	844,012	—	—	394,607	7,412,928
—	1,627,810	312,974	—	760,000	15,486,905
—	—	—	—	—	1,571,360
—	1,627,810	312,974	—	760,000	17,058,265
—	2,471,822	312,974	—	1,154,607	24,471,193
—	—	—	3,815,658	1,141,656	5,699,236
—	—	1,254,708	—	1,017,888	2,272,596
—	(743,771)	—	—	—	14,558,730
—	(743,771)	1,254,708	3,815,658	2,159,544	22,530,562
—	1,728,051	1,567,682	3,815,658	3,314,151	47,001,755

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

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities
December 31, 2025

Total Governmental Fund Balances	$ 22,530,562
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	157,417,497
Less: Internal Service Funds	(16,670,835)
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds.	
Net Pension Asset - IMRF	406,234
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	(2,983,236)
Deferred Items - Police Pension	(3,530,109)
Deferred Items - Firefighters' Pension	(2,657,382)
Deferred Items - RBP	(108,793)
Internal Service Funds are used by the City to charge the costs of vehicle and equipment management and employee compensated absences to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	37,548,008
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences Payable	(4,756,792)
Net Pension Liability - Police Pension	(25,109,485)
Net Pension Liability - Firefighters' Pension	(34,356,341)
Total OPEB Liability - RBP	(5,213,534)
General Obligation Bonds Payable - Net	(10,803,733)
Subscription Arrangements	(3,977,740)
Accrued Interest Payable	(17,145)
Net Position of Governmental Activities	107,717,176

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2025

See Following Page

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2025

	General	Special Revenue Motor Fuel Tax
Revenues		
Taxes	$ 25,463,721	—
Intergovernmental	5,426,524	1,104,807
Licenses and Permits	966,227	—
Charges for Services	5,386,613	—
Fines and Forfeitures	525,538	—
Investment Income	1,192,973	29,596
Miscellaneous	564,966	—
Total Revenues	39,526,562	1,134,403
Expenditures		
General Government	5,155,996	—
Public Safety	32,245,647	—
Highways and Streets	—	—
Public Works	5,057,154	—
Health/Welfare and Culture	4,818	—
Economic Development	68,811	—
Capital Outlay	—	1,897,242
Debt Service		
Principal Retirement	119,919	—
Interest and Fiscal Charges	3,718	—
Total Expenditures	42,656,063	1,897,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,129,501)	(762,839)
Other Financing Sources (Uses)		
Debt Issuance	178,578	—
Disposal of Capital Assets	—	—
Transfers In	—	—
Transfers Out	(699,000)	—
	(520,422)	—
Net Change in Fund Balances	(3,649,923)	(762,839)
Fund Balances - Beginning	18,952,424	1,504,761
Fund Balances - Ending	15,302,501	741,922

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

Debt Service	Capital Projects			Nonmajor	Totals
	Local Roads	Fire Stations	TIF #4 Golf Road		
—	1,652,091	245,193	830,358	882,628	29,073,991
—	236,314	—	—	—	6,767,645
—	—	—	—	—	966,227
—	—	—	—	—	5,386,613
—	—	—	—	3,555	529,093
—	41,937	272,597	—	723	1,537,826
—	441,219	—	—	—	1,006,185
—	2,371,561	517,790	830,358	886,906	45,267,580
—	—	—	—	—	5,155,996
—	—	—	—	600,446	32,846,093
—	2,192,722	—	—	—	2,192,722
—	—	—	—	—	5,057,154
—	—	—	—	—	4,818
—	—	—	65,738	3,180	137,729
—	1,062,997	—	—	3,946	2,964,185
—	—	580,504	—	271,759	972,182
—	—	435,413	—	112,498	551,629
—	3,255,719	1,015,917	65,738	991,829	49,882,508
—	(884,158)	(498,127)	764,620	(104,923)	(4,614,928)
—	—	—	—	—	178,578
—	—	699,000	—	—	699,000
—	—	—	—	—	(699,000)
—	—	699,000	—	—	178,578
—	(884,158)	200,873	764,620	(104,923)	(4,436,350)
—	140,387	1,053,835	3,051,038	2,264,467	26,966,912
—	(743,771)	1,254,708	3,815,658	2,159,544	22,530,562

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$ (4,436,350)
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/amortization expense.	
Capital Outlays	3,293,111
Depreciation/Amortization Expense	(2,731,596)
Disposals - Cost	30,017
Disposals - Accumulated Depreciation/Amortization	(30,017)
An addition to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.	
Change in Net Pension Asset - IMRF	4,610,200
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(4,828,161)
Change in Deferred Items - Police Pension	(5,582,201)
Change in Deferred Items - Firefighters' Pension	(7,681,830)
Change in Deferred Items - RBP	184,366
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Compensated Absences Payable	1,044,053
Change in Net Pension Liability - Police Pension	6,193,083
Change in Net Pension Liability - Firefighters' Pension	7,414,476
Change in Total OPEB Liability - RBP	(412,491)
Debt Retirement	972,182
Debt Issuance	(178,578)
Amortization of Bond Premium	38,523
Change in Accrued Interest Payable	968
Internal service funds are used by the City to charge the costs of vehicle and equipment management and employee compensated absences to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	5,375,802
Changes in Net Position of Governmental Activities	3,275,557

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

Statement of Net Position - Proprietary Funds
December 31, 2025

See Following Page

Statement of Net Position - Proprietary Funds
December 31, 2025

	Business-Type Activities - Enterprise			Governmental Activities
	Utilities	Refuse Collection	Totals	Internal Service
ASSETS				
Current Assets				
Cash and Investments	$ 7,290,064	535,858	7,825,922	18,106,261
Receivables - Net of Allowances - Accounts	2,141,672	406,794	2,548,466	12,666
Prepaids	2,668	—	2,668	4,372,247
Inventories	111,967	—	111,967	—
Total Current Assets	9,546,371	942,652	10,489,023	22,491,174
Noncurrent Assets				
Capital Assets				
Nondepreciable	1,446,448	—	1,446,448	2,324,387
Depreciable/Amortizable	50,341,787	598,613	50,940,400	38,724,299
Accumulated Depreciation/Amortization	(24,191,733)	(567,558)	(24,759,291)	(24,377,851)
Total Capital Assets	27,596,502	31,055	27,627,557	16,670,835
Other Assets				
Equity Interest in Joint Venture	289,842	—	289,842	—
Net Pension Asset - IMRF	115,900	26,085	141,985	—
Total Other Assets	405,742	26,085	431,827	—
Total Noncurrent Assets	28,002,244	57,140	28,059,384	16,670,835
Total Assets	37,548,615	999,792	38,548,407	39,162,009
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	64,757	14,574	79,331	—
Deferred Items - RBP	81,146	22,690	103,836	—
Total Deferred Outflows of Resources	145,903	37,264	183,167	—
Total Assets and Deferred Outflows of Resources	37,694,518	1,037,056	38,731,574	39,162,009

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

				Governmental
	Business-Type Activities - Enterprise			Activities
		Refuse		Internal
	Utilities	Collection	Totals	Service
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 924,049	58,230	982,279	1,553,584
Retainage Payable	14,105	—	14,105	—
Accrued Payroll	60,818	15,518	76,336	14,182
Accrued Interest Payable	11,520	—	11,520	—
Compensated Absences Payable	67,118	9,319	76,437	9,247
Total OPEB Liability - RBP	25,429	7,117	32,546	—
IEPA Loans Payable	139,025	—	139,025	—
General Obligation Bonds Payable	194,566	—	194,566	—
Subscription Arrangements	25,474	—	25,474	—
Total Current Liabilities	1,462,104	90,184	1,552,288	1,577,013
Noncurrent Liabilities				
Deposits Payable	614,982	2,103	617,085	—
Compensated Absences Payable	268,470	37,276	305,746	36,988
Total OPEB Liability - RBP	428,453	119,799	548,252	—
IEPA Loans Payable	1,100,618	—	1,100,618	—
General Obligation Bonds Payable	3,309,603	—	3,309,603	—
Subscription Arrangements	26,863	—	26,863	—
Total Noncurrent Liabilities	5,748,989	159,178	5,908,167	36,988
Total Liabilities	7,211,093	249,362	7,460,455	1,614,001
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	915,882	206,131	1,122,013	—
Deferred Items - RBP	90,618	25,339	115,957	—
Total Deferred Inflows of Resources	1,006,500	231,470	1,237,970	—
Total Liabilities and Deferred Inflows of Resources	8,217,593	480,832	8,698,425	1,614,001
NET POSITION				
Net Investment in Capital Assets	22,786,248	31,055	22,817,303	16,670,835
Restriction - Retirement	115,900	26,085	141,985	—
Unrestricted	6,574,777	499,084	7,073,861	20,877,173
Total Net Position	29,476,925	556,224	30,033,149	37,548,008

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

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2025

	Business-Type Activities - Enterprise			Governmental Activities
	Utilities	Refuse Collection	Totals	Internal Service
Operating Revenues				
Charges for Services	$ 13,052,629	2,648,962	15,701,591	—
Interfund Services	—	—	—	14,566,224
Miscellaneous	289,861	120,873	410,734	1,458,286
Total Operating Revenues	13,342,490	2,769,835	16,112,325	16,024,510
Operating Expenses				
Administration	2,356,260	1,336,942	3,693,202	7,560,073
Public Safety	—	—	—	839,823
Public Works	931,500	—	931,500	806,458
Operations	7,848,848	1,582,074	9,430,922	—
Depreciation and Amortization	1,543,400	3,882	1,547,282	1,565,892
Total Operating Expenses	12,680,008	2,922,898	15,602,906	10,772,246
Operating Income (Loss)	662,482	(153,063)	509,419	5,252,264
Nonoperating Revenues (Expenses)				
Disposal of Capital Assets	—	—	—	73,450
Investment Income	167,755	—	167,755	50,088
Interest Expense	(167,735)	—	(167,735)	—
	20	—	20	123,538
Change in Net Position	662,502	(153,063)	509,439	5,375,802
Net Position - Beginning	28,814,423	709,287	29,523,710	32,172,206
Net Position - Ending	29,476,925	556,224	30,033,149	37,548,008

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

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended December 31, 2025

	Business-Type Activities - Enterprise			Governmental Activities
	Utilities	Refuse Collection	Totals	Internal Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	$ 13,620,952	2,851,059	16,472,011	—
Interfund Services Provided	—	—	—	16,059,979
Payments to Suppliers	(9,700,396)	(2,613,026)	(12,313,422)	(7,795,434)
Payments to Employees	(1,688,784)	(372,872)	(2,061,656)	(401,270)
	2,231,772	(134,839)	2,096,933	7,863,275
Cash Flows from Capital and Related Financing Activities				
Disposal of Capital Assets	—	—	—	73,450
Purchase of Capital Assets	(2,894,501)	—	(2,894,501)	(2,543,705)
Principal Paid on Debt	(334,775)	—	(334,775)	—
Interest Paid on Debt	(167,735)	—	(167,735)	—
	(3,397,011)	—	(3,397,011)	(2,470,255)
Cash Flows from Investing Activities				
Investment Income (Loss) Received	167,755	—	167,755	50,088
Net Change in Cash and Cash Equivalents	(997,484)	(134,839)	(1,132,323)	5,443,108
Cash and Cash Equivalents - Beginning	8,287,548	670,697	8,958,245	12,663,153
Cash and Cash Equivalents - Ending	7,290,064	535,858	7,825,922	18,106,261
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	662,482	(153,063)	509,419	5,252,264
Adjustments to Reconcile Operating Income Income to Net Cash Provided by (Used in) Operating Activities:				
Depreciation and Amortization	1,543,400	3,882	1,547,282	1,565,892
(Increase) Decrease in Current Assets	278,462	81,224	359,686	35,469
Increase (Decrease) in Current Liabilities	(252,572)	(66,882)	(319,454)	1,009,650
Net Cash Provided by Operating Activities	2,231,772	(134,839)	2,096,933	7,863,275

Statement of Fiduciary Net Position
December 31, 2025

		Pension Trust
ASSETS		
Cash and Cash Equivalents	$	1,025,143
Investments		
Illinois Police Officers' Pension Investment Fund		76,955,733
Illinois Firefighters' Pension Investment Fund		66,735,592
Due From Municipality		3,707,864
Prepaids		8,601
Total Assets		148,432,933
LIABILITIES		
Accounts Payable		9,818
NET POSITION		
Net Position Restricted for Pensions		148,423,115

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

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2025

	Pension Trust
Additions	
Contributions - Employer	$ 7,808,953
Contributions - Plan Members	1,408,629
Total Contributions	9,217,582
Investment Income	
Interest Earned	1,636,007
Net Change in Fair Value	20,835,609
	22,471,616
Less Investment Expenses	(195,134)
Net Investment Income	22,276,482
Total Additions	31,494,064
Deductions	
Administration	176,747
Benefits and Refunds	10,620,185
Total Deductions	10,796,932
Change in Fiduciary Net Position	20,697,132
Net Position Restricted for Pensions	
Beginning	127,725,983
Ending	148,423,115

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rolling Meadows (the City), Illinois, is a municipal corporation and operates under the City Manager form of government. The City's major operations include police and fire protection, highways and streets maintenance and reconstruction, planning and zoning services, public improvements, economic development, water, sewer, refuse collection, stormwater management, and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the City's accounting policies established in GAAP and used by the City are described below.

REPORTING ENTITY

The City is a municipal corporation governed by an elected mayor and seven-member Aldermen. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are two component units that are required to be included in the financial statements of the City as pension trust funds and there is one discretely component unit to include in the reporting entity.

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the City assumptions used in the determination of contribution levels. Although it is legally separate from the City, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Firefighters' Pension Employees Retirement System

The City's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of those employees and is governed by a five-member pension board, with two members appointed by the City Mayor, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the City is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the City, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the City's sworn firefighters. The FPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the FPERS.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

City of Rolling Meadows Public Library

The City of Rolling Meadows Public Library operates and maintains the public library within the City. The Public Library's Board is appointed by the Mayor of the City. The Public Library may not issue bonded debt without the City's approval. Separate audited financial statements for the Public Library may be obtained from the Public Library's offices at 3110 Martin Lane, Rolling Meadows, Illinois 60008.

BASIS OF PRESENTATION

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, highways and streets, public works, health and welfare, economic development, and general administrative services are classified as governmental activities. The City's utilities, such as water, sewer and stormwater management services, and refuse collection services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The City utilizes restricted resources to finance qualifying activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, highways and streets, public works, health and welfare, economic development services, etc.). The functions are supported by administration and finance revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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 or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, fines, permits and charges, etc.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is a primary operating fund of the City or meets the following criteria:

> Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
>
> Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

The various funds are reported by generic classification within the financial statements. The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund is the general operating fund of the City. It accounts for all revenues and expenditures of the City which are not accounted for in other funds. The General Fund is a major fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains one major special revenue fund, the Motor Fuel Tax Fund, which is used to account for allotments of motor fuel taxes from the State of Illinois made on a per capita basis. The City uses this fund to maintain and construct transportation-related community needs, such as streets, bridges, and traffic signals. The City also maintains three nonmajor special revenue funds, the 911 Emergency Telephone Fund, the Foreign Fire Tax Fund and the Asset Seizure Fund.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The City maintains one major debt service funds, the Debt Service Fund. The Debt Service Fund is used to account for the payment of interest and principal on the City's general long-term debt obligations for the governmental activities.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The City maintains three major capital projects funds, the Local Roads Fund, the Fire Stations Fund, and the TIF #4 Golf Road Fund. The Local Roads Fund is used to account for street improvements, including resurfacing, curb and gutter, sidewalks and bike paths. The Fire Stations Fund is used to account for the purchase of property for two fire stations, demolition of existing structures, engineering and design costs, regulatory and permitting costs, construction and legal costs, as well as acquisition and installation of furniture, fixtures and equipment costs related to two fire stations. The TIF #4 Golf Road Fund is used to account for the redevelopment of the property located primarily in the Meadows Corporate Center area along the Golf Road corridor (2850 Golf Road). The City also maintains one nonmajor capital projects fund: the TIF #2 Kirchoff/Owl Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Enterprise Funds account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City maintains two major enterprise funds, the Utilities Fund and the Refuse Collection Fund.

The Utilities Fund is used to account for all resources collected and used to provide water and sanitary services to the City as well as to account for the resources collected to finance storm water runoff and creek bank improvements. The Refuse Collection Fund is used to account for all the resources collected and used to provide waste collection and disposal services.

Internal Service Funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the City on a cost-reimbursement basis. The City maintains five internal services funds, the Municipal Garage Fund, the Vehicle Replacement Fund, the Buildings and Land Fund, the Liability Insurance Fund, and the Health Insurance Fund. The Municipal Garage Fund is used to account for the resources collected from other City departments used to provide maintenance to City vehicles and major equipment/machinery. The Vehicle Replacement Fund is used to account for the resources collected from other City departments used in replacing City vehicles and major equipment. The Buildings and Land Fund is used to account for the resources collected from other City departments used for the purchase of land or buildings, or the remodeling, renovation, and expansion of current buildings. The Liability Insurance Fund is used to account for the resources collected from other City departments used to manage funding of the property/casualty/workers compensation claims. The Health Insurance Fund is used to account for resources collected from other City departments to fund the City’s portion of health insurance premiums as well as those of retired employees.

The City’s internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City’s governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, highways and streets, etc.).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension Trust Funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the City's Fire Department.

The City's pension trust funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/ deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an "economic resources" measurement focus. The accounting objectives of the "economic resources" measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust funds equity is classified as net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, income taxes, use taxes, telecommunications taxes, local and state motor fuel taxes, food and beverages taxes, replacement taxes, franchise taxes, utility taxes, hotel/motel taxes, fines, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds and pension trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the City 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 other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise taxes, and grants. Business-type activities report charges for services as their major receivables.

Prepaids/Inventories

Prepaids/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of governmental fund-type prepaids/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Capital Assets

Capital assets purchased or acquired with an original cost of $25,000 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized/amortized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets and storm sewers are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized/amortized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation/amortization on all assets is computed and recorded using the straight-line method of depreciation/ amortized over the following estimated useful lives:

Land Improvements	7 - 31.5 Years
Buildings	7 - 45 Years
Infrastructure	5 - 15 Years
Machinery and Equipment	15 - 60 Years
Vehicles	8 - 20 Years
Waterworks and Sewage System	5 - 20 Years
Garage	5 Years
Subscription Assets - Software	1.5 - 20 Years

Compensated Absences

All regular full-time and part-time employees in the service of the City shall be allowed vacation leave, with pay. Every regular employee shall be eligible for paid vacation after the completion of his or her initial probationary period. Employees with local (municipal), state or county government service, other than in Rolling Meadows, shall be entitled to credit for such service for purposes of calculating length of continuous service for vacation accrual. Vacation pay for regular part-time employees shall be prorated, based upon the number of hours worked per week by the employee. Part-time employee's vacation credits are determined by multiplying the ratio of hours worked to full-time hours by the rates detailed below. The means of determining the anniversary date for full and part-time employees shall be the same, namely 365 consecutive calendar days from their date of hire or previous anniversary. Vacation allowances shall be earned per pay period. For those employees not covered under a collective bargaining agreement, vacation may be accumulated up to two and one-half times the employee's annual accrual (rounded to the nearest whole day).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Compensated Absences - Continued

Employees shall earn sick leave in accordance with the following provisions:

- 8-hour and 12-hour shift employees earn 8 hours per month up to a maximum of 1,400 hours
- Employees on 24-hour shift earn 12 hours per month. Employees who come from the ranks of the City's 24-hour shift employees, shall be entitled to retain the maximum accumulation for 24-hour shift employees when they transition to an 8-hour per day shift. Once they have transitioned to an 8-hour shift, they will earn new sick leave credits on the same basis as the 8-hour employee.
- Regular part-time employees are prorated on the number of hours worked per week up to a maximum of 1,800 hours

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

In the fund financial statements, governmental fund types 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.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on the use either 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 - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND FUND BALANCE/ NET POSITION - Continued

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds except the Foreign Fire Tax, the Asset Seizure, and the pension trust funds. All annual appropriations lapse at fiscal year-end.

All departments of the City submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the prior years, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations. A final budget must be prepared and adopted prior to December 31.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures/expenses of any fund must be approved by the governing body.

During the year, there were supplemental appropriations. The amounts reflected in the financial statements represent the original and final budget.

DEFICIT FUND BALANCE

The following fund had deficit fund balance as of the date of this report:

Fund	Deficit
Local Roads	$ 743,771

Deficit will be eliminated by future revenues or transfers.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the City's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments - Illinois Statutes authorizes the City to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, the Illinois Metropolitan Investment Fund, and the Illinois Public Reserves Investment Management Trust.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The Illinois Public Reserves Investment Management Trust (IPRIME) is an investment opportunity and cash management service for Illinois Municipal Treasurers acting on behalf of counties, townships, cities, towns, villages, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, and all other political corporations or subdivisions of the State of Illinois. Participation in IPRIME is voluntary. IPRIME is not registered with the SEC as an Investment Company. Investments in IPRIME are valued at the share price, the price for which the investment could be sold.

City

Deposits. At year-end, the carrying amount of the City's deposits for governmental and business-type totaled $19,243,537 and the bank balances totaled $20,050,392. Additionally, the City has $2,048,635 invested in the Illinois Funds, $17,449,472 invested in the IMET Fund, and $8,518,349 invested in IPRIME. The City's investments in Illinois Funds, IMET and IPRIME are 2a7-like investment pools that are measured at the net asset value per share as determined by the pool.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its interests rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools. The City's investments in the Illinois Funds and IPRIME have an average maturity of less than one year. The City's investments in the IMET Fund have an average maturity of less than one year and one to three years.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the City's investment policy further states investments are limited to U.S. government obligations; U.S. government agency obligations which have a liquid fair value with a readily determinable fair value; certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances and commercial paper, rated in the highest tier by a nationally recognized rating agency; investment-grade obligations of state and local governments and public authorities; repurchase agreements whose underlying purchased securities consist of money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; local government investment pools; any other investments allowed by Illinois Complied Statutes. At year-end, the City's investment in the Illinois Funds was rated AAAmmf by Fitch. The Illinois Metropolitan Investment Trust Convenience Fund is not rated and the Illinois Metropolitan Investment Trust 1-3 Year Fund is rated Aaa/bf by Moody's. The investment in the IPRIME is rated AAAm by Standard & Poor's.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Per the City's investment policy, the amount of collateral provided shall not be less than 110 percent of the fair value of the net amount of public funds secured. Pledged collateral will be held in safekeeping by an independent third-party depository designated by the City and evidenced by a safekeeping agreement. In accordance with its investment policy, all City deposits with financial institutions are fully insured and collateralized.

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in the Illinois Funds, the IMET Fund, and IPRIME are not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy states that the City shall diversify its investments to avoid incurring unreasonable risks regarding specific security types and/or individual institutions. Furthermore, no financial institution shall hold more than fifty percent (50%) of the City's investment portfolio, exclusive of U.S. Treasury securities held in safekeeping. Commercial paper shall not exceed twenty-five percent (25%) of the City's investment portfolio. At December 31, 2025, all of the City's investments are in compliance with the guidelines outlined above in the City's investment policy. At year-end, the City does not have any investments over 5 percent of the cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund

The Illinois Police Officers Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF‘s annual comprehensive financial report. For additional information on IPOPIF's investments, please refer to their annual comprehensive financial report, which can be obtained from IPOPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled $534,681 and the bank balances totaled $534,681.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository, since flow-through FDIC is available for the Fund's deposits with financial institutions. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance.

Investments. At year-end the Fund has $76,955,733 invested in IPOPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The fund may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

Investment Policy. IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 3 of the Illinois Pension Code.

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual comprehensive financial report. For additional information on IFPIF's investments, please refer to their annual comprehensive financial report, which can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, Illinois 60148 or at www.ifpif.org.

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled $490,462 and the bank balances totaled $499,945.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy does not limit custodial credit risk for deposits. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance.

Investments. At year-end the Fund has $66,735,592 invested in IFPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

Investment Policy. IFPIF's current investment policy was adopted by the Board of Trustees on June 17, 2022. IFPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IFPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	$ 101,650,189	65,000	—	101,715,189
Construction in Progress	3,001,292	1,990,615	2,021,573	2,970,334
	104,651,481	2,055,615	2,021,573	104,685,523
Depreciable/Amortizable Capital Assets				
Land Improvements	1,367,862	—	—	1,367,862
Buildings	29,474,936	171,604	—	29,646,540
Infrastructure	72,368,844	2,387,367	—	74,756,211
Machinery and Equipment	6,901,543	1,620,040	—	8,521,583
Vehicles	13,268,718	1,445,185	30,017	14,683,886
Subscription Assets - Software	4,675,974	178,578	—	4,854,552
	128,057,877	5,802,774	30,017	133,830,634
Less Accumulated Depreciation/Amortization				
Land Improvements	1,149,594	46,749	—	1,196,343
Buildings	13,577,972	595,997	—	14,173,969
Infrastructure	49,941,698	2,046,025	—	51,987,723
Machinery and Equipment	5,258,817	426,190	—	5,685,007
Vehicles	6,503,869	753,547	30,017	7,227,399
Subscription Assets - Software	399,239	428,980	—	828,219
	76,831,189	4,297,488	30,017	81,098,660
Total Net Depreciable/Amortizable Capital Assets	51,226,688	1,505,286	—	52,731,974
Total Net Capital Assets	155,878,169	3,560,901	2,021,573	157,417,497

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Governmental Activities - Continued

Depreciation/amortization expense was charged to governmental activities as follows:

Public Works	$ 2,731,596
Internal Service	1,565,892
	4,297,488

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	$ 2,295,244	1,558,267	2,407,063	1,446,448
Depreciable/Amortizable Capital Assets				
Land Improvements	608,701	—	—	608,701
Building	3,801,290	—	—	3,801,290
Machinery and Equipment	2,253,120	—	—	2,253,120
Waterworks System	21,719,007	38,745	—	21,757,752
Sewerage System	18,622,108	3,704,552	—	22,326,660
Garage	39,819	—	—	39,819
Subscription Assets - Software	153,058	—	—	153,058
	47,197,103	3,743,297	—	50,940,400
Less Accumulated Depreciation/Amortization				
Land Improvements	377,569	24,600	—	402,169
Building	3,025,998	69,987	—	3,095,985
Machinery and Equipment	2,035,117	27,690	—	2,062,807
Waterworks System	7,267,460	685,647	—	7,953,107
Sewerage System	10,402,406	723,832	—	11,126,238
Garage	39,819	—	—	39,819
Subscription Assets - Software	48,554	30,612	—	79,166
	23,196,923	1,562,368	—	24,759,291
Total Net Depreciable/Amortizable Capital Assets	24,000,180	2,180,929	—	26,181,109
Total Capital Assets	26,295,424	3,739,196	2,407,063	27,627,557

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities - Continued

Depreciation/amortization expense was charged to business-type activities as follows:

Utilities	$ 1,558,486
Refuse Collection	3,882
	1,562,368

Component Unit - Public Library

Component Unit - Public Library capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	$ 608,893	—	—	608,893
Depreciable Capital Assets				
Buildings and Improvements	5,920,113	314,328	—	6,234,441
Furniture and Equipment	673,306	92,225	—	765,531
Books and Other Library Materials	2,649,110	199,468	225,105	2,623,473
Audio Visual Materials	485,670	32,738	26,287	492,121
	9,728,199	638,759	251,392	10,115,566
Less Accumulated Depreciation				
Buildings and Improvements	3,681,027	142,692	—	3,823,719
Furniture and Equipment	492,892	31,940	—	524,832
Books and Other Library Materials	1,928,730	213,434	225,105	1,917,059
Audio Visual Materials	407,422	33,024	26,287	414,159
	6,510,071	421,090	251,392	6,679,769
Total Net Depreciable Capital Assets	3,218,128	217,669	—	3,435,797
Total Capital Assets	3,827,021	217,669	—	4,044,690

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2025 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Cook County and are payable in two installments, on or about March 1 and September 1 during the following year. The County collects such taxes and remits them periodically. Based upon collection histories, the City has provided an allowance for uncollectible property taxes equivalent to 5% and 3% of the current year's levy for Debt Service Funds and all other funds, respectively.

LEASES RECEIVABLE

For the year ended December 31, 2025, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On January 1, 2022, the City entered into a 55 month lease as Lessor for the use of Waste Transfer Station. An initial lease receivable was recorded in the amount of $374,784. As of December 31, 2025, the value of the lease receivable is $42,184. The lessee is required to make quarterly variable principal and interest payments of $21,146. The lease has an interest rate of 0.6860%. The value of the deferred inflow of resources as of December 31, 2025 was $51,616, and the City recognized lease revenue of $83,935 during the fiscal year.

On January 1, 2022, the City entered into a 113 month lease as Lessor for the use of LAMAR BILLBOARD. An initial lease receivable was recorded in the amount of $340,357. As of December 31, 2025, the value of the lease receivable is $209,896. The lessee is required to make monthly fixed payments of $3,333. The lease has an interest rate of 1.1610%. The value of the deferred inflow of resources as of December 31, 2025 was $195,781, and the City recognized lease revenue of $37,328 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement.

On January 1, 2022, the City entered into a 131 month lease as Lessor for the use of 3201 Central Road. An initial lease receivable was recorded in the amount of $423,157. As of December 31, 2025, the value of the lease receivable is $280,857. The lessee is required to make annual fixed payments of $37,841. The lease has an interest rate of 1.2450%. The value of the deferred inflow of resources as of December 31, 2025 was $268,893, and the City recognized lease revenue of $38,589 during the fiscal year. The lessee has 2 extension options, each for 60 months.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LEASES RECEIVABLE - Continued

On January 1, 2022, the City entered into a 136 month lease as Lessor for the use of 3207 Central Road. An initial lease receivable was recorded in the amount of $574,795. As of December 31, 2025, the value of the lease receivable is $399,069. The lessee is required to make annual fixed payments of $44,699. The lease has an interest rate of 0.8330%. The value of the deferred inflow of resources as of December 31, 2025 was $372,915, and the City recognized lease revenue of $46,568 during the fiscal year. The lessee has 1 extension option for 60 months.

On January 1, 2022, the City entered into a 50 month lease as Lessor for the use of 3200 Campbell Street. An initial lease receivable was recorded in the amount of $195,552. The lessee is required to make annual fixed payments of $46,487. The lease has an interest rate of 0.5520%. The City recognized lease revenue of $52,005 during the fiscal year.

On January 1, 2022, the City entered into a 158 month lease as Lessor for the use of 2455 South Plum Grove Road. An initial lease receivable was recorded in the amount of $344,905. As of December 31, 2025, the value of the lease receivable is $254,055. The lessee is required to make annual fixed payments of $22,714. The lease has an interest rate of 0.4260%. The value of the deferred inflow of resources as of December 31, 2025 was $240,629, and the City recognized lease revenue of $23,637 during the fiscal year. The lessee has 2 extension options, each for 60 months.

On January 1, 2022, the City entered into a 145 month lease as Lessor for the use of 2455 Plum Grove Road. An initial lease receivable was recorded in the amount of $658,594. As of December 31, 2025, the value of the lease receivable is $474,630. The lessee is required to make annual fixed payments of $44,718. The lease has an interest rate of 0.3300%. The value of the deferred inflow of resources as of December 31, 2025 was $441,526, and the City recognized lease revenue of $48,575 during the fiscal year. The lessee has 2 extension options, each for 60 months.

During the fiscal year, the City has recognized $330,637 of lease revenue.

The future minimum lease assets and the net present value of these minimum lease receipts as of year-end, are as follows:

Fiscal Year	Principal	Interest
2026	$ 244,917	11,814
2027	211,083	10,078
2028	219,760	8,384
2029	952,682	16,250
2030	32,249	137
	1,660,691	46,663

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
Fire Stations	General	$ 699,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

INTERFUND BALANCES

The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
General	Local Roads	$ 325,630
Police Pension	General	1,354,832
Firefighters' Pension	General	2,353,032
		4,033,494

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages. Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made.

LONG-TERM OBLIGATIONS

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin.

“The General Assembly may limit by law the amount and require referendum approval of debt to the incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property…(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum…shall not be included in the foregoing percentage amounts.”

To date the Illinois General Assembly has set no limits for home rule municipalities. The City is a home rule municipality.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Bonds of 2018 ($9,500,000), due in annual installments of $320,000 to $670,000 plus interest at 4.00% through December 15, 2038.	Fire Stations	$ 7,380,000	—	405,000	6,975,000
General Obligation Bonds of 2019 ($8,500,000), due in annual installments of $285,000 to $600,000 plus interest at 4.00% through December 15, 2039.	Fire Stations	3,487,516	—	175,504	3,312,012
	Utilities	3,467,484	—	174,496	3,292,988
		14,335,000	—	755,000	13,580,000

IEPA Loans Payable

The City has entered into loan agreements with the IEPA to provide low interest financing for waterworks and sewerage improvements. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA (L17-4070) Loan Payable of 2012 - Due in semi-annual installments of $40,440 including interest at 2.295% through September 15, 2033.	Utilities	$ 654,287	—	66,242	588,045
IEPA (L17-4141) Loan Payable of 2013 - Due in semi-annual installments of $41,743 including interest at 1.930% through May 1, 2034.	Utilities	721,496	—	69,898	651,598
		1,375,783	—	136,140	1,239,643

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts within One Year
Governmental Activities					
Compensated Absences					
General	$ 5,800,845	—	1,044,053	4,756,792	951,358
Internal Services	49,592	—	3,357	46,235	9,247
Net Pension Liabilities/(Assets)					
IMRF	4,203,966	—	4,610,200	(406,234)	—
Police Pension	31,302,568	—	6,193,083	25,109,485	—
Firefighters' Pension	41,770,817	—	7,414,476	34,356,341	—
Total OPEB Liability - RBP	4,801,043	412,491	—	5,213,534	292,226
General Obligation Bonds	10,867,516	—	580,504	10,287,012	600,518
Unamortized Premium	555,244	—	38,523	516,721	38,523
Subscription Arrangements	4,190,840	178,578	391,678	3,977,740	338,488
	103,542,431	591,069	20,275,874	83,857,626	2,230,360
Business-Type Activities					
Compensated Absences	399,438	—	17,255	382,183	76,437
Net Pension Liability/(Asset) - IMRF	1,528,284	—	1,670,269	(141,985)	—
Total OPEB Liability - RBP	603,345	—	22,547	580,798	32,546
General Obligation Bonds	3,467,484	—	174,496	3,292,988	179,482
Unamortized Premium	226,265	—	15,084	211,181	15,084
IEPA Loans Payable	1,375,783	—	136,140	1,239,643	139,025
Subscription Arrangements	76,476	—	24,139	52,337	25,474
	7,677,075	—	2,059,930	5,617,145	468,048
Component Unit - Public Library					
Compensated Absences	120,879	—	5,371	115,508	9,638
Net Pension Liability/(Asset) - IMRF	1,642,281	—	1,791,754	(149,473)	—
Total OPEB Liability - RBP	287,519	82,447	—	369,966	20,737
	2,050,679	82,447	1,797,125	336,001	30,375

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Long-Term Liabilities Activity - Continued

Compensated absences are reported as the net change amount for the fiscal year.

For the governmental activities, payments on the net pension liabilities/(assets) and the total OPEB liability are made by the General Fund and Health Insurance Fund. Payments on general obligation bonds are being liquidated by the Fire Stations Fund. Subscription arrangements are being liquidated by the General and 911 Emergency Telephone Funds. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

Additionally, for business-type activities, the net pension liability/(asset) and the total OPEB liability are liquidated by the Utilities and Refuse Collection Funds. The IEPA loans payable, general obligation bonds, and the subscription arrangements are being liquidated by the Utilities Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

	Governmental Activities		Business-Type Activities			
	General Obligation Bonds		General Obligation Bonds		IEPA Loans Payable	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 600,518	411,480	179,482	131,720	139,025	25,341
2027	623,040	387,460	186,960	124,540	141,970	22,396
2028	650,562	362,538	194,438	117,062	144,979	19,387
2029	673,083	336,516	201,917	109,284	148,053	16,313
2030	703,112	309,592	211,888	101,208	151,191	13,175
2031	730,634	281,468	219,366	92,732	154,396	9,970
2032	758,155	252,242	226,845	83,958	157,671	6,695
2033	793,184	221,916	236,816	74,884	161,014	3,352
2034	823,213	190,188	246,787	65,412	41,344	399
2035	858,242	157,260	256,758	55,540	—	—
2036	888,270	122,930	266,730	45,270	—	—
2037	923,299	87,400	276,701	34,600	—	—
2038	960,835	50,468	289,165	23,532	—	—
2039	300,865	12,034	299,135	11,966	—	—
Totals	10,287,012	3,183,492	3,292,988	1,071,708	1,239,643	117,028

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Subscription Based Information Technology Arrangements (SBITAs)

The City has the following subscription arrangements at year end:

Subscription Arrangements	Start Date	End Date	Payments	Interest Rate
Debt Management	1/1/2023	1/1/2024	$7,000 per Year	2.676%
Civic Plus Hosting	1/1/2023	1/1/2025	$9,384 per Year	2.707%
Sensus FlexNet AMI	5/30/2023	5/30/2028	$24,419 per Year	2.310%
VC3 ThinkGard	9/26/2023	9/26/2026	$48,720 per Year	2.000%
Human Services Case	12/1/2023	12/1/2026	$10,100 per Year	3.631%
Pro License Bundle	12/1/2023	12/1/2033	$84,319 per Year	3.608%
Axon Body Cameras	12/1/2023	12/1/2043	$195,488 per Year	2.310%
FOIA Software - Granicus	4/30/2025	4/30/2028	$11,146 - $12,288 per Year	2.000%
Stormwind IT Software	12/17/2025	12/17/2027	$990 per Year	2.000%

The future principal and interest subscription arrangement payments as of the year-end were as follows:

Fiscal	Governmental Activities		Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2026	$ 338,488	140,915	25,474	1,209
2027	310,389	95,998	26,863	620
2028	309,187	87,358	—	—
2029	318,098	78,448	—	—
2030	315,000	69,257	—	—
2031 - 2035	1,136,325	218,652	—	—
2036 - 2040	872,419	105,019	—	—
2041 - End	377,834	13,142	—	—
	3,977,740	808,789	52,337	1,829

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2025:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	$ 157,417,497
Less Capital Related Debt:	
Capital Related Accounts Payable	(488,382)
Retainage Payable	(30,000)
General Obligation Bonds of 2018	(6,975,000)
General Obligation Bonds of 2019	(3,312,012)
Premium on Debt Issuance	(516,721)
Subscription Arrangements	(3,977,740)
Net Investment in Capital Assets	142,117,642
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	27,627,557
Less Capital Related Debt:	
Retainage Payable	(14,105)
IEPA Loan Payable of 2012	(588,045)
IEPA Loan Payable of 2013	(651,598)
General Obligation Bonds of 2019	(3,292,988)
Premium on Debt Issuance	(211,181)
Subscription Arrangements	(52,337)
Net Investment in Capital Assets	22,817,303

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

		Special Revenue		Capital Projects				
	General	Motor Fuel Tax	Debt Service	Local Roads	Fire Stations	TIF #4 Golf Road	Nonmajor	Totals
Fund Balances								
Restricted								
Public Safety								
Police	—	—	—	—	—	—	1,017,279	1,017,279
Fire	—	—	—	—	—	—	124,377	124,377
Highways and Streets	—	741,922	—	—	—	—	—	741,922
Capital Projects	—	—	—	—	—	3,815,658	—	3,815,658
	—	741,922	—	—	—	3,815,658	1,141,656	5,699,236
Assigned								
Capital Projects	—	—	—	—	1,254,708	—	1,017,888	2,272,596
Unassigned	15,302,501	—	—	(743,771)	—	—	—	14,558,730
Total Fund Balances	15,302,501	741,922	—	(743,771)	1,254,708	3,815,658	2,159,544	22,530,562

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the City Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

Assigned Fund Balance. Consists of amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the City Council itself or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City's highest level of decision-making authority is the City Council, who is authorized to assign amounts to a specific purpose.

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The City's policy manual states that the General Fund should maintain a minimum fund balance equal to 20% operating expenditures.

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees. These risks, along with medical claims for employees and retirees, are provided for through the City's participation in the Intergovernmental Risk Management Agency (IRMA) and the Intergovernmental Personnel Benefit Cooperative (IPBC). The City accounts for these activities in the Liability Insurance - Internal Service Fund and the Health Insurance - Internal Service Fund. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage for any of the past three years.

Intergovernmental Personnel Benefit Cooperative (IPBC)

Risks for medical and death benefits for employees and retirees are provided for through the City's participation in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC acts as an administrative agency to receive, process and pay such claims as may come within the benefit program of each member. IPBC maintains specific reinsurance coverage for claims in excess of $50,000 per individual employee participant. The City pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Current year overages or underages for participation in the pool are adjusted into subsequent years experience factor for premiums.

Intergovernmental Risk Management Agency (IRMA)

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/ loss control consulting and training programs; and a risk information system and financial reporting service for its members.

NOTE 4 - OTHER INFORMATION - Continued

RISK MANAGEMENT - Continued

Intergovernmental Risk Management Agency (IRMA) - Continued

The City's payments to IRMA are displayed on the financial statements as expenses in the Liability Insurance Fund. Each member assumes the first $2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts about that level. Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The City does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

CONTINGENT LIABILITIES

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Northwest Suburban Municipal Joint Action Water Agency (JAWA)

The City's water purchase contract with the Northwest Suburban Municipal Joint Action Water Agency (JAWA) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

Solid Waste Agency of Northern Cook County (SWANCC)

The City's contract with the Solid Waste Agency of Northern Cook County (SWANCC) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

NOTE 4 - OTHER INFORMATION - Continued

COMMITMENTS

Northwest Suburban Municipal Joint Action Water Agency (JAWA)

The City has committed to purchase water from the Northwest Suburban Municipal Joint Action Water Agency (JAWA). A new agreement, negotiated by the Member Communities and JAWA was approved on March 13, 2018. This Revised Water Supply Agreement will expire in FY 2032. The obligation to pay minimum annual amounts was removed from the new agreement.

Solid Waste Agency of Northern Cook County (SWANCC)

The City has committed to make payments to the Solid Waste Agency of Northern Cook County (SWANCC). The City expects to pay the following minimum amounts:

Fiscal Year	Amount
2026	$ 425,000

JOINT VENTURES

Northwest Suburban Municipal Joint Action Water Agency (JAWA)

The City is a member of the Northwest Suburban Municipal Joint Action Water Agency (JAWA) which consists of seven municipalities. JAWA is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. JAWA is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain a water supply system to serve its members and other potential water purchasers.

The members form a contiguous geographic service area which is located 15 to 30 miles northwest of downtown Chicago. Under the Agency Agreement, additional members may join JAWA upon the approval of each member.

JAWA is governed by a Board of Directors which consists of one elected official from each member municipality. Each Director has an equal vote. The officers of JAWA are appointed by the Board of Directors. The Board of Directors determines the general policy of JAWA, makes all appropriations, approves contracts for sale or purchase of water, provides for the issuance of debt, adopts bylaws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the bylaws.

Complete financial statements can be obtained from the Northwest Suburban Municipal Joint Action Water Agency, 903 Brantwood Avenue, Elk Grove Village, Illinois 60007.

Revenues of the system consist of: (a) all receipts derived from Water Supply Agreements or any other contract for the supply of water; (b) all income derived from the investment of monies; and (c) all income, fees, water service charges, and all rates, rents and receipts derived by JAWA from the ownership and operation of the system and the sale of water. JAWA covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

NOTE 4 - OTHER INFORMATION - Continued

JOINT VENTURES - Continued

Northwest Suburban Municipal Joint Action Water Agency (JAWA) - Continued

JAWA has entered into Revised Water Supply Agreements with the seven-member municipalities, extending to December 31, 2032. The Agreements are irrevocable and may not be terminated or amended except as provided in the General Resolution. Each member is obligated, on a "take or pay" basis, to purchase or in any event to pay for a minimum annual quantity of water.

JAWA has entered into an agreement with the City of Chicago under which the City has agreed to sell quantities of lake water sufficient to supply the projected water needs of JAWA through the year 2032.

The obligation of the City to make all payments as required by this agreement is unconditional and irrevocable, without regard to performance or nonperformance by JAWA of its obligations under this Agreement.

The payments required to be made by the City under this Agreement shall be required to be made solely from revenues to be derived by the City from the operation of the Water System. Members are not prohibited by the Agreement, however, from using other available funds to make payments under the Agreement. This Agreement shall not constitute an indebtedness of the City within the meaning of any statutory or constitutional limitation.

The obligation of the City to make payments required by this Agreement from revenues of the Water System shall be payable from the operation and maintenance account of the Water Fund.

In accordance with the joint venture agreement, the City remitted $4,037,498 to JAWA for the year ended December 31, 2025. All payments were paid from the Utilities Fund. Deposits with JAWA in the amount of $289,842 represent amounts held for security of debt service.

Solid Waste Agency of Northern Cook County (SWANCC)

The City is a member of the Solid Waste Agency of Northern Cook County (SWANCC) which consists of twenty-three municipalities. SWANCC is a municipal joint action agency, established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). SWANCC is empowered under the Act to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members. SWANCC is reported as a nonequity proprietary joint venture.

SWANCC is governed by a Board of Directors which consists of one appointed representative from each member municipality. Each Director has an equal vote. The officers of SWANCC are appointed by the Board of Directors. The Board of Directors determines the general policy of SWANCC, makes all appropriations, approves contracts, adopts resolutions providing for the issuance of bonds or notes by SWANCC, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the SWANCC agreement or by-laws. Separate audited financial statements are available from SWANCC's administrative office at 77 W Hintz Road, Suite 200, Wheeling, Illinois 60090.

The City's contract with SWANCC provides that each member is liable for its proportionate share of annual operating and fixed costs. The City's share of these costs is expected to be funded through tipping fees paid by refuse haulers. In addition, the City is obligated for any costs arising from defaults in payment obligations by other members.

NOTE 4 - OTHER INFORMATION - Continued

JOINT VENTURES - Continued

Solid Waste Agency of Northern Cook County (SWANCC) - Continued

In accordance with the joint venture agreement, the City remitted $528,351 to SWANCC for the year ended December 31, 2025, which is recorded in the City's Refuse Collection Fund.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is also a single-employer pension plan. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The Police and Firefighters' Pension Plans also issue separate reports that may be obtained by writing the City at 3600 Kirchoff Road, Rolling Meadows, Illinois 60008. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amounts recognized for the pension plans is:

	Pension (Revenues)/ Expenses	Net Pension Liability/ (Asset)	Deferred Outflows	Deferred Inflows
IMRF				
City	$ 1,121,379	(548,219)	306,308	4,332,226
Library	261,210	(149,473)	83,515	1,181,192
Police Pension	2,632,159	25,109,485	3,667,327	7,197,436
Firefighters' Pension	4,833,266	34,356,341	5,705,829	8,363,211
	8,848,014	58,768,134	9,762,979	21,074,065

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. IMRF provides two tiers of pension benefits. Employees hired ***before*** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2025, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	214
Inactive Plan Members Entitled to but not yet Receiving Benefits	109
Active Plan Members	117
Total	440

Contributions. As set by statute, the City's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2025, the City's contribution was 10.68% of covered payroll.

Net Pension Liability/(Asset). The City's net pension liability/(asset) was measured as of December 31, 2025. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2025, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

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 to the target asset allocation percentage and 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:

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.00%	4.75%
Domestic Equities	32.50%	7.35%
International Equities	18.00%	7.45%
Real Estate	10.50%	6.25%
Blended	14.00%	3.90% - 8.50%
Cash and Cash Equivalents	1.00%	3.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the City calculated using the discount rate as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City	$ 6,503,732	(548,219)	(6,195,538)
Library	1,773,258	(149,473)	(1,689,228)
Net Pension Liability/(Asset)	8,276,990	(697,692)	(7,884,766)

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability/(Asset)

	City	Library	Totals
Total Pension Liability			
Service Cost	$ 700,924	191,108	892,032
Interest	4,872,341	1,249,087	6,121,428
Differences Between Expected and Actual Experience	(1,016,734)	(277,215)	(1,293,949)
Change of Assumptions	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(4,402,133)	(1,200,252)	(5,602,385)
Net Change in Total Pension Liability	154,398	(37,272)	117,126
Total Pension Liability - Beginning	67,735,046	19,053,619	86,788,665
Total Pension Liability - Ending	67,889,444	19,016,347	86,905,791
Plan Fiduciary Net Position			
Contributions - Employer	860,314	234,567	1,094,881
Contributions - Members	363,883	99,213	463,096
Net Investment Income	9,972,251	2,718,958	12,691,209
Benefit Payments, Including Refunds of Member Contributions	(4,402,133)	(1,200,252)	(5,602,385)
Other (Net Transfer)	(359,448)	(98,004)	(457,452)
Position	6,434,867	1,754,482	8,189,349
Plan Net Position - Beginning	62,002,796	17,411,338	79,414,134
Plan Net Position - Ending	68,437,663	19,165,820	87,603,483
Employer's Net Pension Liability/(Asset)	(548,219)	(149,473)	(697,692)

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the City recognized pension expense of $1,121,379 and the Library recognized pension expense of $261,210. At December 31, 2025, the City and the Library reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	City		Library		
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Totals
Difference Between Expected and Actual Experience	$ 306,308	(635,564)	83,515	(173,288)	(419,029)
Change in Assumptions		—	—	—	—
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(3,696,662)	—	(1,007,904)	(4,704,566)
Total Deferred Amounts Related to IMRF	306,308	(4,332,226)	83,515	(1,181,192)	(5,123,595)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal	Net Deferred Outflows/(Inflows) of Resources		
Year	City	Library	Totals
2026	$ 775,010	211,311	986,321
2027	(2,195,759)	(598,679)	(2,794,438)
2028	(1,489,881)	(406,220)	(1,896,101)
2029	(1,115,288)	(304,089)	(1,419,377)
2030	—	—	—
Thereafter	—	—	—
Totals	(4,025,918)	(1,097,677)	(5,123,595)

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City President, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At December 31, 2025, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	62
Inactive Plan Members Entitled to but not yet Receiving Benefits	14
Active Plan Members	50
Total	126

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2025, the City’s contribution was 52.01% of covered payroll.

Concentrations. At year end, the Pension Plan did not have any investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5 percent or more of net position available for benefits.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2025, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	Graded by Years of Service
Cost of Living Adjustments	2.25%
Inflation	2.50%

Mortality rates were based on the PubS-2010 Study improved using MP-2021 improvement rates applied on a fully generational basis.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 38,959,413	25,109,485	13,734,898

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2024	$ 99,571,491	68,268,923	31,302,568
Changes for the Year:			
Service Cost	1,249,657	—	1,249,657
Interest on the Total Pension Liability	6,868,237	—	6,868,237
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	1,399,918	—	1,399,918
Changes of Assumptions	—	—	—
Contributions - Employer	—	3,243,041	(3,243,041)
Contributions - Employees	—	890,801	(890,801)
Net Investment Income	—	11,944,661	(11,944,661)
Benefit Payments, Including Refunds of Employee Contributions	(5,134,115)	(5,406,950)	272,835
Administrative Expense	—	(94,773)	94,773
Net Changes	4,383,697	10,576,780	(6,193,083)
Balances at December 31, 2025	103,955,188	78,845,703	25,109,485

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the City recognized pension expense of $2,632,159. At December 31, 2025, the City 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	Totals
Difference Between Expected and Actual Experience	$ 3,459,234	(1,271,936)	2,187,298
Change in Assumptions	208,093	(277,732)	(69,639)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(5,647,768)	(5,647,768)
Total Deferred Amounts Related to Police Pension	3,667,327	(7,197,436)	(3,530,109)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2026	$ 493,539
2027	(1,882,060)
2028	(1,024,051)
2029	(1,350,857)
2030	233,320
Thereafter	—
Total	(3,530,109)

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

Plan Administration. The Firefighters' Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the City President, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At December 31, 2025, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	61
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	43
Total	106

Benefits Provided. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2025, the City's contribution was 83.37% of covered payroll.

Concentrations. At year end, the Pension Plan does not have any investments over 5 percent of net plan position available for retirement benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2025, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	Graded by years of service
Cost of Living Adjustments	2.25%
Inflation	2.50%

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study. Mortality improvement uses MP-2021 Improvement Rates applied on a fully generational basis.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 48,391,536	34,356,341	22,852,798

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2024	$ 101,227,877	59,457,060	41,770,817
Changes for the Year:			
Service Cost	1,475,787	—	1,475,787
Interest on the Total Pension Liability	7,006,793	—	7,006,793
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,210,079)	—	(1,210,079)
Changes of Assumptions	646,610	—	646,610
Contributions - Employer	—	4,565,912	(4,565,912)
Contributions - Employees	—	517,828	(517,828)
Net Investment Income	—	10,331,821	(10,331,821)
Benefit Payments, Including Refunds of Employee Contributions	(5,213,235)	(5,213,235)	—
Other (Net Transfer)	—	(81,974)	81,974
Net Changes	2,705,876	10,120,352	(7,414,476)
Balances at December 31, 2025	103,933,753	69,577,412	34,356,341

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the City recognized pension expense of $4,833,266. At December 31, 2025, the City 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	Totals
Difference Between Expected and Actual Experience	$ 4,688,155	(3,054,349)	1,633,806
Change in Assumptions	1,017,674	(33,334)	984,340
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(5,275,528)	(5,275,528)
Total Deferred Amounts Related to Firefighters' Pension	5,705,829	(8,363,211)	(2,657,382)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Net Deferred (Inflows) of Resources
2026	$ 1,154,850
2027	(1,245,183)
2028	(708,638)
2029	(1,858,411)
2030	—
Thereafter	—
Total	(2,657,382)

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. The City's defined benefit OPEB plan, City of Rolling Meadows Retiree Benefit Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the City. RBP is a single-employer defined benefit OPEB plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. RBP provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 55 percent of health insurance premiums for non-Medicare-eligible retirees and 55 percent of supplemental health insurance premiums for Medicare-eligible retirees. The plan also provides all retirees with $5,000 of life insurance benefits.

Plan Membership. As of December 31, 2025, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	22
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	192
Total	214

The plan membership as noted above includes both the City and the Library members.

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2025, and was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs - Continued.

Inflation	3.00%
Salary Increases	3.50%
Discount Rate	4.28%
Healthcare Cost Trend Rates	Initial rate of 6.00% for PPO and HMO Plans, decreasing to an ultimate rate of 4.50%
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal Bond 20 Year High-Grade Rate Index as of December 31, 2025.

Mortality rates were based on the PubG.H-2010(B) Mortality Table - General (below-median income), Male adjusted 108.0% and Female adjusted 106.4% tables, with future mortality improvement using Scale MP-2021.

Change in the Total OPEB Liability

	City	Library	Totals
Balance at December 31, 2024	$ 5,404,388	287,519	5,691,907
Changes for the Year:			
Service Cost	226,117	14,437	240,554
Interest on the Total OPEB Liability	167,947	68,273	236,220
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience	(58,073)	(3,708)	(61,781)
Changes of Assumptions or Other Inputs	378,725	24,182	402,907
Benefit Payments	(324,772)	(20,737)	(345,509)
Net Changes	389,944	82,447	472,391
Balance at December 31, 2025	5,794,332	369,966	6,164,298

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using a Single Discount Rate of 4.28%, while the prior valuation used 4.43%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.28%)	Current Discount Rate (4.28%)	1% Increase (5.28%)
City	$ 6,296,685	5,794,332	5,341,604
Library	402,042	369,966	341,054
Total OPEB Liability	6,698,727	6,164,298	5,682,658

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
City	$ 5,231,321	5,794,332	6,452,759
Library	334,018	369,966	412,007
Total OPEB Liability	5,565,339	6,164,298	6,864,766

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

For the year ended December 31, 2025, the City recognized OPEB expense of $505,630 and the Library recognized OPEB expense of $93,349. At December 31, 2025, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	City		Library		
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Totals
Difference Between Expected and Actual Experience	$ 262,371	(107,153)	16,752	(6,842)	165,128
Change in Assumptions	773,554	(1,049,686)	49,391	(67,022)	(293,763)
Net Difference Between Projected and Actual Earnings	—	—	—	—	—
Total Deferred Amounts Related to OPEB	1,035,925	(1,156,839)	66,143	(73,864)	(128,635)

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

Fiscal	Net Deferred Outflows/(Inflows) of Resources		
Year	City	Library	Totals
2026	$ 70,783	4,519	75,302
2027	(83,833)	(5,353)	(89,186)
2028	(138,419)	(8,838)	(147,257)
2029	(93,649)	(5,979)	(99,628)
2030	15,755	1,006	16,761
Thereafter	108,449	6,924	115,373
Totals	(120,914)	(7,721)	(128,635)

NOTE 4 - OTHER INFORMATION - Continued

SUBSEQUENT EVENT

Subsequent to year end, on January 28, 2026, the City issued $6,165,000 of General Obligation Bonds of 2026. The bonds bear interest at a rate of 5.00%, with interest payable semi-annually on June 15 and December 15, beginning December 15, 2026. Principal payments are due annually on December 15 through final maturity in 2045.

The bonds are secured by an unlimited ad valorem tax levy on all taxable property within the City, and the proceeds were used to finance various capital improvement projects and to pay costs related to the issuance of the bonds.

As this debt issuance occurred after the reporting period, no adjustments have been made to the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions - Last Ten Fiscal Years
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Measurement Years
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund

- Schedule of Investment Returns - Last Ten Fiscal Years
  - Police Pension Fund
  - Firefighters' Pension Fund

- Schedule of Changes in the Employer's Total OPEB Liability
  - Retiree Benefit Plan

- Budgetary Comparison Schedules
  - General Fund
  - Motor Fuel Tax - Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles.

Illinois Municipal Retirement Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2025

Fiscal Year		Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	Totals	$ 1,200,910	$ 1,201,445	$ 535	$ 7,376,594	16.29%
2017	Totals	1,159,896	1,159,896	—	7,546,491	15.37%
2018	Totals	1,212,876	1,212,876	—	8,085,842	15.00%
2019	Totals	1,006,573	1,114,698	108,125	8,084,925	13.79%
2020	Totals	1,351,923	1,464,122	112,199	8,350,959	17.53%
2021	Totals	1,269,636	1,410,529	140,893	8,363,872	16.86%
2022	Totals	1,069,222	1,131,910	62,688	8,506,140	13.31%
2023	Totals	812,463	840,448	27,985	8,736,163	9.62%
2024	Totals	963,882	963,882	—	9,967,752	9.67%
2025	City	860,625	860,314	(311)	8,058,291	10.68%
	Library	234,652	234,567	(85)	2,197,113	10.68%
	Totals	1,095,277	1,094,881	(396)	10,255,404	10.68%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	18 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

Police Pension Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2025

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 2,805,767	$ 3,104,921	$ 299,154	$ 4,741,621	65.48%
2017	3,219,336	3,607,352	388,016	4,942,478	72.99%
2018	3,198,022	3,480,637	282,615	5,103,111	68.21%
2019	3,200,509	3,910,789	710,280	5,196,556	75.26%
2020	3,597,226	3,610,730	13,504	5,364,126	67.31%
2021	3,598,358	3,565,144	(33,214)	5,490,802	64.93%
2022	3,625,940	3,682,031	56,091	5,725,608	64.31%
2023	3,262,543	3,658,405	395,862	5,875,943	62.26%
2024	3,389,941	3,598,117	208,176	6,134,511	58.65%
2025	3,445,837	3,243,041	(202,796)	6,235,782	52.01%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	13 Years (Layered)
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	Graded by Years of Service
Investment Rate of Return	7.00%
Retirement Age	Graded by Age (11% at 50 to 100% at age 65)
Mortality	PubS-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data.

Firefighters' Pension Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2025

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 2,977,769	$ 3,245,390	$ 267,621	$ 4,095,760	79.24%
2017	3,540,137	4,080,981	540,844	4,338,255	94.07%
2018	3,497,572	3,788,593	291,021	4,479,252	84.58%
2019	3,635,708	3,910,789	275,081	4,656,367	83.99%
2020	4,346,203	4,400,367	54,164	4,905,971	89.69%
2021	4,307,022	4,356,483	49,461	4,946,056	88.08%
2022	4,256,827	4,310,709	53,882	4,951,673	87.06%
2023	3,914,708	4,295,330	380,622	5,074,426	84.65%
2024	4,180,020	4,221,166	41,146	5,394,320	78.25%
2025	4,823,570	4,565,912	(257,658)	5,476,764	83.37%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	11 Years (Layered)
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.75% - 13.61%
Investment Rate of Return	7.00%
Retirement Age	Experience Weighted with Sex Distinct Raw Rates.
Mortality	PubS-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data.

Illinois Municipal Retirement Fund
Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Measurement Years
December 31, 2025

	12/31/2016 Totals	12/31/2017 Totals	12/31/2018 Totals	12/31/2019 Totals
Total Pension Liability				
Service Cost	$ 764,608	769,374	732,079	789,699
Interest	4,796,080	4,959,320	4,968,572	5,204,828
Differences Between Expected and Actual Experience	70,604	79,030	1,906,001	124,031
Change of Assumptions	(305,973)	(1,952,922)	1,926,418	—
Benefit Payments, Including Refunds of Member Contributions	(3,391,363)	(3,596,746)	(3,828,837)	(4,208,721)
Net Change in Total Pension Liability	1,933,956	258,056	5,704,233	1,909,837
Total Pension Liability - Beginning	65,603,995	67,537,951	67,796,007	73,500,240
Total Pension Liability - Ending	67,537,951	67,796,007	73,500,240	75,410,077
Plan Fiduciary Net Position				
Contributions - Employer	$ 1,201,445	1,159,896	1,212,876	1,114,698
Contributions - Members	348,298	346,110	366,259	363,822
Net Investment Income	3,774,049	10,348,710	(3,749,148)	11,603,061
Benefit Payments, Including Refunds of Member Contributions	(3,391,363)	(3,596,746)	(3,828,837)	(4,208,721)
Other (Net Transfer)	702,941	(1,339,459)	1,424,942	(80,412)
Net Change in Plan Fiduciary Net Position	2,635,370	6,918,511	(4,573,908)	8,792,448
Plan Net Position - Beginning	54,927,057	57,562,427	64,480,938	59,907,030
Plan Net Position - Ending	57,562,427	64,480,938	59,907,030	68,699,478
Employer's Net Pension Liability/(Asset)	$ 9,975,524	3,315,069	13,593,210	6,710,599
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.23%	95.11%	81.51%	91.10%
Covered Payroll	$ 7,376,594	7,546,491	8,085,842	8,084,925
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	135.23%	43.93%	168.11%	83.00%

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2016 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017 and 2023.

12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024		12/31/2025	
Totals	Totals	Totals	Totals	Totals	City	Library	Totals
814,695	768,881	773,284	780,558	773,144	700,924	191,108	892,032
5,341,529	5,454,818	5,651,358	5,754,736	5,910,619	4,872,341	1,249,087	6,121,428
220,382	1,183,702	46,710	1,027,742	1,686,205	(1,016,734)	(277,215)	(1,293,949)
(367,215)	—	—	(55,622)	—	—	—	—
(4,282,325)	(4,565,419)	(4,832,010)	(5,266,180)	(5,441,034)	(4,402,133)	(1,200,252)	(5,602,385)
1,727,066	2,841,982	1,639,342	2,241,234	2,928,934	154,398	(37,272)	117,126
75,410,077	77,137,143	79,979,125	81,618,467	83,859,701	67,735,046	19,053,619	86,788,665
77,137,143	79,979,125	81,618,467	83,859,701	86,788,635	67,889,444	19,016,347	86,905,791
1,464,122	1,409,336	1,131,910	840,448	963,882	860,314	234,567	1,094,881
391,156	384,541	384,471	393,179	459,735	363,883	99,213	463,096
9,977,994	13,133,743	(11,607,451)	7,966,203	7,771,471	9,972,251	2,718,958	12,691,209
(4,282,325)	(4,565,419)	(4,832,010)	(5,266,180)	(5,441,034)	(4,402,133)	(1,200,252)	(5,602,385)
(209,928)	269,768	(265,372)	1,569,544	(1,327,128)	(359,448)	(98,004)	(457,452)
7,341,019	10,631,969	(15,188,452)	5,503,194	2,426,926	6,434,867	1,754,482	8,189,349
68,699,478	76,040,497	86,672,466	71,484,014	76,987,208	62,002,796	17,411,338	79,414,134
76,040,497	86,672,466	71,484,014	76,987,208	79,414,134	68,437,663	19,165,820	87,603,483
1,096,646	(6,693,341)	10,134,453	6,872,493	7,374,501	(548,219)	(149,473)	(697,692)
98.58%	108.37%	87.58%	91.80%	91.50%	100.81%	100.79%	100.80%
8,350,359	8,363,872	8,506,140	8,736,163	9,967,752	8,058,291	2,197,113	10,255,404
13.13%	(80.03%)	119.14%	78.67%	73.98%	(6.80%)	(6.80%)	(6.80%)

Police Pension Fund
Schedule of Changes in the Employer's Net Pension Liability - Last Ten Measurement Years
December 31, 2025

	12/31/2016	12/31/2017	12/31/2018
Total Pension Liability			
Service Cost	$ 1,171,229	1,168,217	1,079,503
Interest	5,082,602	5,135,650	5,152,332
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	181,793	(192,715)	(2,201,325)
Change of Assumptions	(2,389,766)	(2,442,434)	2,926,844
Benefit Payments, Including Refunds of Member Contributions	(3,217,902)	(3,358,167)	(3,502,585)
Other (Net Transfer)	—	—	—
Net Change in Total Pension Liability	827,956	310,551	3,454,769
Total Pension Liability - Beginning	74,217,548	75,045,504	75,356,055
Total Pension Liability - Ending	75,045,504	75,356,055	78,810,824
Plan Fiduciary Net Position			
Contributions - Employer	$ 3,104,921	3,607,352	3,480,637
Contributions - Members	472,132	482,643	505,917
Net Investment Income	2,381,161	5,047,122	(1,949,568)
Benefit Payments, Including Refunds of Member Contributions	(3,217,902)	(3,358,167)	(3,502,585)
Administrative Expenses	(57,478)	(59,187)	(57,448)
Net Change in Plan Fiduciary Net Position	2,682,834	5,719,763	(1,523,047)
Plan Net Position - Beginning	35,067,033	37,749,867	43,469,630
Plan Net Position - Ending	37,749,867	43,469,630	41,946,583
Employer's Net Pension Liability	$ 37,295,637	31,886,425	36,864,241
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.30%	57.69%	53.22%
Covered Payroll	$ 4,741,621	4,942,478	5,103,111
Employer's Net Pension Liability as a Percentage of Covered Payroll	786.56%	645.15%	722.39%

12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
1,097,117	1,441,621	1,250,214	1,251,118	1,254,061	1,267,730	1,249,657
5,381,873	5,696,678	5,948,714	5,944,567	6,200,323	6,695,599	6,868,237
469,226	—	—	(62,645)	—	—	—
624,605	731,994	(2,937,864)	(237,933)	4,293,183	(848,610)	1,399,918
1,171,048	(492,871)	475,330	—	(435,255)	—	—
(3,853,858)	(4,291,945)	(4,306,752)	(4,392,150)	(4,110,480)	(4,383,019)	(5,134,115)
—	(80,952)	—	—	—	—	—
4,890,011	3,004,525	429,642	2,502,957	7,201,832	2,731,700	4,383,697
78,810,824	83,700,835	86,705,360	87,135,002	89,637,959	96,839,791	99,571,491
83,700,835	86,705,360	87,135,002	89,637,959	96,839,791	99,571,491	103,955,188
3,910,789	3,610,730	3,565,144	3,682,031	3,658,405	3,598,117	3,243,041
566,608	546,585	544,139	569,893	1,103,789	1,137,104	890,801
7,675,033	5,596,243	7,884,509	(7,750,089)	7,270,838	5,951,566	11,944,661
(3,853,858)	(4,291,945)	(4,306,752)	(4,392,150)	(4,631,963)	(4,912,193)	(5,406,950)
(63,914)	(80,952)	(74,081)	(67,226)	(59,903)	(64,157)	(94,773)
8,234,658	5,380,661	7,612,959	(7,957,541)	7,341,166	5,710,437	10,576,780
41,946,583	50,181,241	55,561,902	63,174,861	55,217,320	62,558,486	68,268,923
50,181,241	55,561,902	63,174,861	55,217,320	62,558,486	68,268,923	78,845,703
33,519,594	31,143,458	23,960,141	34,420,639	34,281,305	31,302,568	25,109,485
59.95%	64.08%	72.50%	61.60%	64.60%	68.56%	75.85%
5,196,556	5,364,126	5,196,556	5,725,608	5,875,943	6,134,511	6,235,782
645.03%	580.59%	461.08%	601.17%	583.42%	510.27%	402.67%

Firefighters' Pension Fund
Schedule of Changes in the Employer's Net Pension Liability - Last Ten Measurement Years
December 31, 2025

	12/31/2016	12/31/2017	12/31/2018
Total Pension Liability			
Service Cost	$ 1,291,068	1,212,059	1,073,974
Interest	4,626,392	4,663,118	4,704,541
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	347,104	15,822	577,218
Change of Assumptions	(2,345,758)	(1,683,291)	4,129,948
Benefit Payments, Including Refunds of Member Contributions	(3,293,238)	(3,495,079)	(3,736,785)
Administrative Expenses	—	—	—
Net Change in Total Pension Liability	625,568	712,629	6,748,896
Total Pension Liability - Beginning	67,737,931	68,363,499	69,076,128
Total Pension Liability - Ending	68,363,499	69,076,128	75,825,024
Plan Fiduciary Net Position			
Contributions - Employer	$ 3,245,390	4,080,981	3,788,593
Contributions - Members	407,278	417,337	421,856
Net Investment Income	2,011,769	4,243,937	(1,310,139)
Benefit Payments, Including Refunds of Member Contributions	(3,293,238)	(3,495,079)	(3,736,785)
Administrative Expenses	(40,939)	(56,824)	(73,346)
Net Change in Plan Fiduciary Net Position	2,330,260	5,190,352	(909,821)
Plan Net Position - Beginning	26,796,176	29,126,436	34,316,788
Plan Net Position - Ending	29,126,436	34,316,788	33,406,967
Employer's Net Pension Liability	$ 39,237,063	34,759,340	42,418,057
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.61%	49.68%	44.06%
Covered Payroll	$ 4,095,760	4,338,255	4,563,723
Employer's Net Pension Liability as a Percentage of Covered Payroll	957.99%	801.23%	929.46%

Change of Assumptions. In Fiscal Year 2025, the change of assumptions was calculated due to a change in the bond rate assumption.

12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
1,159,904	1,316,062	1,227,274	1,216,921	1,323,660	1,422,030	1,475,787
5,168,179	5,488,684	5,829,142	5,817,403	6,150,930	6,985,454	7,006,793
432,145	—	—	(75,281)	—	—	—
1,003,648	(294,656)	(128,550)	1,252,266	8,499,870	(3,061,627)	(1,210,079)
994,082	(486,670)	477,753	—	800,500	—	646,610
(3,987,774)	(4,034,644)	(4,425,248)	(4,687,215)	(4,926,814)	(4,976,295)	(5,213,235)
—	(78,280)	—	—	—	—	—
4,770,184	1,910,496	2,980,371	3,524,094	11,848,146	369,562	2,705,876
75,825,024	80,595,208	82,505,704	85,486,075	89,010,169	100,858,315	101,227,877
80,595,208	82,505,704	85,486,075	89,010,169	100,858,315	101,227,877	103,933,753
4,210,983	4,400,367	4,356,483	4,310,709	4,295,330	4,221,166	4,565,912
469,435	485,364	477,052	477,913	479,787	510,033	517,828
7,119,367	5,932,756	7,006,312	(8,108,819)	6,958,510	5,866,221	10,331,821
(3,987,774)	(4,034,644)	(4,425,248)	(4,687,215)	(4,926,814)	(4,976,295)	(5,213,235)
(71,408)	(78,280)	(65,009)	(52,621)	(50,486)	(63,082)	(81,974)
7,740,603	6,705,563	7,349,590	(8,060,033)	6,756,327	5,558,043	10,120,352
33,406,967	41,147,570	47,853,133	55,202,723	47,142,690	53,899,017	59,457,060
41,147,570	47,853,133	55,202,723	47,142,690	53,899,017	59,457,060	69,577,412
39,447,638	34,652,571	30,283,352	41,867,479	46,959,298	41,770,817	34,356,341
51.05%	58.00%	64.58%	52.96%	53.44%	58.74%	66.94%
4,656,367	4,905,971	4,946,056	4,951,673	5,074,426	5,394,320	5,476,764
847.18%	706.33%	612.27%	845.52%	925.41%	774.35%	627.31%

Police Pension Fund
Schedule of Investment Returns - Last Ten Fiscal Years
December 31, 2025

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2016	6.81%
2017	13.41%
2018	(4.43%)
2019	18.26%
2020	11.21%
2021	14.39%
2022	(12.39%)
2023	13.70%
2024	9.80%
2025	17.79%

CITY OF ROLLING MEADOWS, ILLINOIS

Firefighters' Pension Fund
Schedule of Investment Returns - Last Ten Fiscal Years
December 31, 2025

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2016	7.80%
2017	15.05%
2018	(3.98%)
2019	20.65%
2020	11.22%
2021	15.55%
2022	(15.05%)
2023	15.38%
2024	10.92%
2025	17.58%

Retiree Benefit Plan
Schedule of Changes in the Employer's Total OPEB Liability
December 31, 2025

	12/31/2018	12/31/2019	12/31/2020
	Totals	Totals	Totals
Total OPEB Liability			
Service Cost	$ 351,060	188,331	217,521
Interest	192,306	207,033	221,754
Changes in Benefit Terms	—	757,774	—
Differences Between Expected and Actual Experience	5,305	349,658	—
Change of Assumptions or Other Inputs	(268,381)	(399,308)	1,041,079
Benefit Payments	(264,586)	117,000	(396,531)
Net Change in Total OPEB Liability	15,704	1,220,488	1,083,823
Total OPEB Liability - Beginning	5,764,346	5,780,050	7,000,538
Total OPEB Liability - Ending	5,780,050	7,000,538	8,084,361
Covered-Employee Payroll	$ 16,395,718	17,043,879	17,640,414
Total OPEB Liability as a Percentage of Covered-Employee Payroll	35.25%	41.07%	45.83%

Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes in Benefit Terms. Changes in benefit terms related to PSEBA eligibility was made in 2021.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2018 through 2025.

12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025		
Totals	Totals	Totals	Totals	City	Library	Totals
281,185	271,813	220,606	212,357	226,117	14,437	240,554
152,589	142,891	230,414	223,509	167,947	68,273	236,220
(945,380)	—	—	—	—	—	—
(146,300)	—	306,729	—	(58,073)	(3,708)	(61,781)
(515,835)	(981,095)	(72,548)	(122,915)	378,725	24,182	402,907
(356,436)	(407,069)	(469,389)	(417,580)	(324,772)	(20,737)	(345,509)
(1,530,177)	(973,460)	215,812	(104,629)	389,944	82,447	472,391
8,084,361	6,554,184	5,580,724	5,796,536	5,404,388	287,519	5,691,907
6,554,184	5,580,724	5,796,536	5,691,907	5,794,332	369,966	6,164,298
18,257,829	18,896,853	17,989,400	18,619,029	19,284,347	1,231,300	20,515,647
35.90%	29.53%	32.22%	30.57%	30.05%	30.05%	30.05%

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes	$ 25,107,687	26,912,357	25,463,721
Intergovernmental	5,632,870	5,632,870	5,426,524
Licenses and Permits	776,966	776,966	966,227
Charges for Services	5,551,312	5,551,312	5,386,613
Fines and Forfeitures	1,064,006	571,144	525,538
Investment Income	850,000	1,214,401	1,192,973
Miscellaneous	407,456	460,864	564,966
Total Revenues	39,390,297	41,119,914	39,526,562
Expenditures			
General Government	5,229,690	5,229,690	5,155,996
Public Safety	32,516,911	32,600,445	32,245,647
Public Works	5,067,693	5,067,693	5,057,154
Health/Welfare and Culture	5,910	5,910	4,818
Economic Development	67,925	67,925	68,811
Debt Service			
Principal Retirement	42,259	42,259	119,919
Interest and Fiscal Charges	2,297	2,297	3,718
Total Expenditures	42,932,685	43,016,219	42,656,063
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(3,542,388)	(1,896,305)	(3,129,501)
Other Financing Sources (Uses)			
Debt Issuance	—	—	178,578
Transfers Out	(699,000)	(699,000)	(699,000)
	(699,000)	(699,000)	(520,422)
Net Change In Fund Balance	(4,241,388)	(2,595,305)	(3,649,923)
Fund Balance - Beginning			18,952,424
Fund Balance - Ending			15,302,501

CITY OF ROLLING MEADOWS, ILLINOIS

Motor Fuel Tax - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	$ 1,047,659	1,081,982	1,104,807
Investment Income	30,000	35,000	29,596
Total Revenues	1,077,659	1,116,982	1,134,403
Expenditures			
Capital Outlay	2,050,000	1,898,000	1,897,242
Net Change in Fund Balance	(972,341)	(781,018)	(762,839)
Fund Balance - Beginning			1,504,761
Fund Balance - Ending			741,922

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Enterprise Funds
- Combining Statements - Internal Service Funds
- Budgetary Comparison Schedules - Internal Service Funds
- Combining Statements - Pension Trust Funds

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

MAJOR SPECIAL REVENUE FUND

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for allotments of motor fuel taxes from the State of Illinois made on a per capita basis. The City uses these funds to maintain and construct transportation-related community needs, such as streets, bridges, and traffic signals.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

MAJOR CAPITAL PROJECTS FUNDS

Local Roads Fund

The Local Roads Fund is used to account for street improvements, including resurfacing, curb and gutter, sidewalks and bike paths.

Fire Stations Fund

The Fire Stations Fund is used to account for the purchase of property for two fire stations, demolition of existing structures, engineering and design costs, regulatory and permitting costs, construction and legal costs, as well as acquisition and installation of furniture, fixtures and equipment costs related to two fire stations.

TIF #4 Golf Road Fund

The TIF #4 Golf Road Fund is used to account for the redevelopment of the property located primarily in the Meadows Corporate Center area along the Golf Road corridor (2850 Golf Road). The large commercial insurance broker Arthur J. Gallagher Insurance set up its headquarters - moving from Itasca to Rolling Meadows to redevelop this area. The City approved the Golf Road Tax Increment Financing District with a shortened TIF term of 15 years to help finance the redevelopment costs of the area.

General Fund
Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Taxes			
Property Taxes			
Prior Years' Taxes	$ (250,000)	(250,000)	(199,261)
Current Levy	4,532,053	4,532,053	2,556,935
Police Pension	3,445,837	3,445,837	3,243,042
Fire Pension	4,823,570	4,823,570	4,565,911
Municipal Sales Tax	4,483,923	5,651,745	5,920,023
Home Rule Sales Tax	3,782,005	4,418,853	4,786,092
Simplified Telecommunications Tax	500,000	500,000	514,813
Electric Utility Tax	950,000	950,000	1,020,666
Hotel Tax	450,000	450,000	524,668
Food and Beverage Tax	1,789,249	1,789,249	1,842,875
Real Estate Transfer Tax	380,000	380,000	473,425
Cable Franchise Fees	221,050	221,050	214,532
Total Taxes	25,107,687	26,912,357	25,463,721
Intergovernmental			
State Income Tax	4,363,502	4,363,502	4,382,701
Local Use Tax	460,000	460,000	217,101
Replacement Tax	235,599	235,599	280,306
Video Gaming	280,000	280,000	272,995
Other Grants	293,769	293,769	273,421
Total Intergovernmental	5,632,870	5,632,870	5,426,524
Licenses and Permits			
Business Licenses	212,170	212,170	221,120
Liquor Licenses	180,900	180,900	185,375
Video Gaming Licenses	49,120	49,120	42,000
Building Permits	250,000	250,000	423,776
Rental Unit Permits	79,575	79,575	81,725
Other Permits	5,201	5,201	12,231
Total Licenses and Permits	776,966	776,966	966,227

General Fund
Schedule of Revenues - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Charges for Services			
Police Special Details	$ 20,000	20,000	24,055
School Liaison Charges	531,305	531,305	534,119
Ambulance Fees	968,645	968,645	983,693
Overhead Charges			
Garage	310,500	310,500	310,500
E911	77,625	77,625	77,625
TIF #4	63,903	63,903	63,903
Refuse	517,500	517,500	517,500
Utilities	931,500	931,500	931,500
Library	49,571	49,571	49,571
Other Inspection Fees	89,786	89,786	95,416
Other Charges for Services	1,990,977	1,990,977	1,798,731
Total Charges for Services	5,551,312	5,551,312	5,386,613
Fines and Forfeitures			
Circuit Court Fines	40,000	40,000	31,040
Traffic and Compliance Fines	33,028	33,028	42,628
DUI Fines	2,100	2,100	1,100
Red Light Enforcement Fines	917,862	425,000	346,144
Adjudication	1,000	1,000	1,581
Other Fines	70,016	70,016	103,045
Total Fines and Forfeitures	1,064,006	571,144	525,538
Investment Income	850,000	1,214,401	1,192,973
Miscellaneous			
Rental Income	263,048	316,456	285,561
Other	144,408	144,408	279,405
Total Miscellaneous	407,456	460,864	564,966
Total Revenues	39,390,297	41,119,914	39,526,562

General Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
General Government			
Administration			
Mayor			
Salaries and Wages	$ 9,950	9,950	9,121
Benefits	761	761	460
Contracted Services	25,900	25,900	17,955
Supplies	100	100	—
Total Mayor	36,711	36,711	27,536
City Council			
Salaries and Wages	28,000	28,000	28,001
Benefits	2,142	2,142	2,142
Contracted Services	22,033	22,033	20,983
Supplies	200	200	175
Total City Council	52,375	52,375	51,301
City Manager			
Salaries and Wages	706,405	706,405	706,203
Benefits	255,842	255,842	253,144
Contracted Services	162,419	162,419	157,781
Supplies	4,600	4,600	2,635
Total City Manager	1,129,266	1,129,266	1,119,763
City Clerk			
Salaries and Wages	135,385	135,385	136,598
Benefits	50,734	50,734	49,406
Contracted Services	44,013	44,013	21,927
Supplies	200	200	286
Total City Clerk	230,332	230,332	208,217
Public Relations			
Contracted Services	73,000	73,000	69,413

General Fund
Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
General Government - Continued			
Administration - Continued			
Community Events			
Supplies	$ 142,500	142,500	133,464
Finance			
Salaries and Wages	413,313	413,313	412,503
Benefits	150,001	150,001	149,993
Contracted Services	158,640	158,640	158,849
Supplies	1,550	1,550	1,171
Total Finance	723,504	723,504	722,516
Administrative Services			
Legal Contracted Services	300,000	300,000	347,981
Engineering Contracted Services	30,000	30,000	—
Police Special Detail			
Salaries and Wages	50,000	50,000	26,659
Benefits	6,805	6,805	3,226
Other Contracted Services	408,453	408,453	504,077
Other Supplies	8,479	8,479	6,149
Total Administrative Services	803,737	803,737	888,092
Information Technology			
Salaries and Wages	484,585	484,585	490,470
Benefits	132,296	132,296	135,389
Contracted Services	366,952	366,952	356,594
Supplies	56,000	56,000	30,459
Total Information Technology	1,039,833	1,039,833	1,012,912
Total Administration	4,231,258	4,231,258	4,233,214

General Fund
Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
General Government - Continued			
Health and Welfare			
Human Services			
Salaries and Wages	$ 548,730	548,730	539,782
Benefits	151,974	151,974	145,129
Contracted Services	207,228	207,228	191,237
Supplies and Materials	90,500	90,500	46,634
Total Health and Welfare	998,432	998,432	922,782
Total General Government	5,229,690	5,229,690	5,155,996
Public Safety			
Police Department			
Administration			
Salaries and Wages	519,635	519,635	466,461
Benefits	98,892	98,892	77,019
Employer Pension Contribution	3,445,837	3,445,837	3,243,042
Contracted Services	1,236,706	1,236,706	1,188,545
Supplies and Materials	82,850	82,850	44,924
Total Administration	5,383,920	5,383,920	5,019,991
Patrol			
Salaries and Wages	6,606,851	6,690,385	6,810,770
Benefits	1,100,149	1,100,149	1,078,865
Contracted Services	1,001,437	1,001,437	1,002,908
Supplies	110,975	110,975	114,818
Total Patrol	8,819,412	8,902,946	9,007,361
Investigation			
Salaries and Wages	646,930	646,930	675,115
Benefits	132,526	132,526	149,426
Contracted Services	115,002	115,002	100,549
Supplies and Materials	5,750	5,750	4,143
Total Investigation	900,208	900,208	929,233
Total Police Department	15,103,540	15,187,074	14,956,585

General Fund
Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Public Safety - Continued			
Fire Department			
Administration			
Salaries and Wages	$ 442,980	442,980	441,227
Benefits	110,908	110,908	96,790
Employer Pension Contribution	4,823,570	4,823,570	4,565,912
Contracted Services	2,091,276	2,091,276	2,086,216
Supplies and Materials	4,550	4,550	3,971
Total Administration	7,473,284	7,473,284	7,194,116
Fire Operations			
Salaries and Wages	6,150,525	6,150,525	6,309,223
Benefits	1,107,440	1,107,440	1,061,373
Contracted Services	2,440,075	2,440,075	2,572,452
Supplies and Materials	127,565	127,565	95,764
Total Fire Operations	9,825,605	9,825,605	10,038,812
Special Rescue Teams			
Salaries and Wages	50,000	50,000	12,347
Benefits	600	600	179
Contracted Services	20,360	20,360	8,356
Supplies and Materials	19,202	19,202	22,059
Total Special Rescue Teams	90,162	90,162	42,941
Total Fire Department	17,389,051	17,389,051	17,275,869
Board of Police and Fire Commission			
Contracted Services	23,550	23,550	13,157
Supplies and Materials	770	770	36
Total Board of Police and Fire Commission	24,320	24,320	13,193
Total Public Safety	32,516,911	32,600,445	32,245,647

General Fund
Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Public Works			
Administration			
Salaries and Wages	$ 737,850	737,850	753,564
Benefits	273,821	273,821	271,419
Contracted Services	562,720	562,720	556,158
Supplies and Materials	10,775	10,775	8,591
Total Administration	1,585,166	1,585,166	1,589,732
Community Development			
Administration			
Salaries and Wages	991,565	991,565	1,001,070
Benefits	339,795	339,795	329,986
Contracted Services	633,510	633,510	593,720
Supplies and Materials	7,000	7,000	4,990
Total Community Development	1,971,870	1,971,870	1,929,766
Forestry Program			
Salaries and Wages	906,710	906,710	934,209
Benefits	326,633	326,633	329,697
Contracted Services	267,214	267,214	265,063
Supplies and Materials	10,100	10,100	8,687
Total Forestry Program	1,510,657	1,510,657	1,537,656
Total Public Works	5,067,693	5,067,693	5,057,154
Health/Welfare and Culture			
Museum			
Contracted Services	5,910	5,910	4,818
Economic Development			
Community Development			
Contracted Services	66,925	66,925	68,668
Supplies and Materials	1,000	1,000	143
Total Economic Development	67,925	67,925	68,811

General Fund
Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Debt Service			
Principal Retirement	$ 42,259	42,259	119,919
Interest and Fiscal Charges	2,297	2,297	3,718
Total Debt Service	44,556	44,556	123,637
Total Expenditures	42,932,685	43,016,219	42,656,063

Local Roads - Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Amounts
Revenues			
Taxes			
Property Taxes	$ 1,827,810	1,799,066	1,110,433
Natural Gas Tax	459,647	544,500	541,658
Intergovernmental	214,239	240,626	236,314
Investment Income	25,030	46,000	41,937
Miscellaneous	739,000	446,158	441,219
Total Revenues	3,265,726	3,076,350	2,371,561
Expenditures			
Highways and Streets			
Contracted Services	3,119,391	2,603,891	2,041,498
Supplies			
Operating Supplies	189,000	155,000	143,744
Repairs and Maintenance Supplies	16,500	14,500	7,480
Capital Outlay			
Street Improvements	2,218,000	1,176,000	1,062,997
Total Expenditures	5,542,891	3,949,391	3,255,719
Net Change in Fund Balance	(2,277,165)	(873,041)	(884,158)
Fund Balance - Beginning			140,387
Fund Balance - Ending			(743,771)

Fire Stations - Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Amounts
Revenues			
Taxes			
Property Taxes	$ 175,490	314,980	245,193
Investment Income	100,000	250,000	272,597
Total Revenues	275,490	564,980	517,790
Expenditures			
Debt Service			
Principal Retirement	580,504	580,504	580,504
Interest and Fiscal Charges	435,151	435,476	435,413
Total Expenditures	1,015,655	1,015,980	1,015,917
Excess (Deficiency) of Revenues Over (Under) Expenditures	(740,165)	(451,000)	(498,127)
Other Financing Sources			
Transfers In	699,000	699,000	699,000
Net Change in Fund Balance	(41,165)	248,000	200,873
Fund Balance - Beginning			1,053,835
Fund Balance - Ending			1,254,708

TIF #4 Golf Road - Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget Amounts		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	$ 2,000,000	2,000,000	830,358
Investment Income	50	2,400	—
Total Revenues	2,000,050	2,002,400	830,358
Expenditures			
Economic Development			
Contracted Services	1,667,903	1,667,903	65,738
Net Change in Fund Balance	332,147	334,497	764,620
Fund Balance - Beginning			3,051,038
Fund Balance - Ending			3,815,658

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

	Special Revenue	Capital Projects TIF #2 Kirchoff/Owl	Totals
ASSETS			
Cash and Investments	$ 1,536,263	1,017,888	2,554,151
Receivables - Net of Allowances			
Property Taxes	760,000	—	760,000
Total Assets	2,296,263	1,017,888	3,314,151
LIABILITIES			
Accounts Payable	394,607	—	394,607
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	760,000	—	760,000
Total Liabilities and Deferred Inflows of Resources	1,154,607	—	1,154,607
FUND BALANCES			
Restricted	1,141,656	—	1,141,656
Assigned	—	1,017,888	1,017,888
Total Fund Balances	1,141,656	1,017,888	2,159,544
Total Liabilities, Deferred Inflows of Resources and Fund Balances	2,296,263	1,017,888	3,314,151

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2025

	Special Revenue	Capital Projects TIF #2 Kirchoff/Owl	Totals
Revenues			
Taxes	$ 621,698	260,930	882,628
Fines and Forfeitures	3,555	—	3,555
Investment Income	723	—	723
Total Revenues	625,976	260,930	886,906
Expenditures			
Public Safety	600,446	—	600,446
Economic Development	—	3,180	3,180
Capital Outlay	3,946	—	3,946
Debt Service			
Principal Retirement	271,759	—	271,759
Interest and Fiscal Charges	112,498	—	112,498
Total Expenditures	988,649	3,180	991,829
Net Change in Fund Balances	(362,673)	257,750	(104,923)
Fund Balances - Beginning	1,504,329	760,138	2,264,467
Fund Balances - Ending	1,141,656	1,017,888	2,159,544

NONMAJOR SPECIAL REVENUE FUNDS

The Special revenue funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

911 Emergency Telephone Fund

The 911 Emergency Telephone Fund is used to account for the operation of the emergency telephone communication system. Financing is provided by local and state surcharges and property taxes.

Foreign Fire Tax Fund

The Foreign Fire Tax Fund is used to account for the receipt and disbursement of funds collected as foreign fire tax.

Asset Seizure Fund

The Asset Seizure Fund is used to account for the receipts and disbursements incurred as a result of the City's asset seizure program pursuant to Federal and State drug seizure laws.

CITY OF ROLLING MEADOWS, ILLINOIS

Nonmajor Governmental - Special Revenue Funds
Combining Balance Sheet
December 31, 2025

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
ASSETS				
Cash and Investments	$ 1,360,041	126,804	49,418	1,536,263
Receivables - Net of Allowances				
Property Taxes	760,000	—	—	760,000
Total Assets	2,120,041	126,804	49,418	2,296,263
LIABILITIES				
Accounts Payable	390,994	2,427	1,186	394,607
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	760,000	—	—	760,000
Total Liabilities and Deferred Inflows of Resources	1,150,994	2,427	1,186	1,154,607
FUND BALANCES				
Restricted	969,047	124,377	48,232	1,141,656
Total Liabilities, Deferred Inflows of Resources and Fund Balances	2,120,041	126,804	49,418	2,296,263

Nonmajor Governmental - Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended December 31, 2025

	911 Emergency Telephone	Foreign Fire Tax	Asset Seizure	Totals
Revenues				
Taxes	$ 534,521	87,177	—	621,698
Fines and Forfeitures	—	—	3,555	3,555
Investment Income	—	—	723	723
Total Revenues	534,521	87,177	4,278	625,976
Expenditures				
Public Safety	461,347	106,883	32,216	600,446
Capital Outlay	3,946	—	—	3,946
Debt Service				
Principal Retirement	271,759	—	—	271,759
Interest and Fiscal Charges	112,498	—	—	112,498
Total Expenditures	849,550	106,883	32,216	988,649
Net Change in Fund Balances	(315,029)	(19,706)	(27,938)	(362,673)
Fund Balances - Beginning	1,284,076	144,083	76,170	1,504,329
Fund Balances - Ending	969,047	124,377	48,232	1,141,656

911 Emergency Telephone - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	$ 700,000	700,000	534,521
Expenditures			
Public Safety			
Salaries and Wages	6,000	5,380	279
Contracted Services	714,893	709,743	461,068
Supplies	5,300	4,000	—
Capital Outlay	200,000	200,000	3,946
Debt Service			
Principal Retirement	—	129,597	271,759
Interest and Fiscal Charges	—	65,892	112,498
Total Expenditures	926,193	1,114,612	849,550
Net Change in Fund Balance	(226,193)	(414,612)	(315,029)
Fund Balance - Beginning			1,284,076
Fund Balance - Ending			969,047

NONMAJOR CAPITAL PROJECTS FUND

The Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by proprietary funds.

TIF #2 Kirchoff/Owl Fund

The TIF #2 Kirchoff/Owl Fund is used to account for the purchase of property and construction of a mixed-use development along Kirchoff Road. The plan includes condominium homes, senior housing, and office/retail space.

TIF #2 Kirchoff/Owl - Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Revenues			
Taxes			
Property Taxes	$ 550,800	540,000	260,930
Investment Income	400	—	—
Total Revenues	551,200	540,000	260,930
Expenditures			
Economic Development			
Contracted Services	12,500	27,500	3,180
Net Change in Fund Balance	538,700	512,500	257,750
Fund Balance - Beginning			760,138
Fund Balance - Ending			1,017,888

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Utilities Fund

The Utilities Fund is used to account for all resources collected and used to provide water and sanitary services to the City as well as to account for the resources collected to finance storm water runoff and creek bank improvements. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration of billings and collections, operations, and maintenance of the system.

Refuse Collection Fund

The Refuse Collection Fund is used to account for all the resources collected and used to provide waste collection and disposal services to the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration of billings and collections, operations, and maintenance of the waste collection vehicles.

Utilities - Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Charges for Services	$ 13,299,695	12,938,260	13,052,629
Miscellaneous	1,866,700	270,043	289,861
Total Operating Revenues	15,166,395	13,208,303	13,342,490
Operating Expenses			
Administration	2,366,010	2,366,010	2,356,260
Public Works	931,500	931,500	931,500
Operations	14,637,553	13,243,180	7,848,848
Depreciation and Amortization	30,612	30,612	1,543,400
Total Operating Expenses	17,965,675	16,571,302	12,680,008
Operating Income (Loss)	(2,799,280)	(3,362,999)	662,482
Nonoperating Revenues (Expenses)			
Investment Income	150,000	180,000	167,755
Interest Expense	(488,991)	(488,991)	(167,735)
	(338,991)	(308,991)	20
Change in Net Position	(3,138,271)	(3,671,990)	662,502
Net Position - Beginning			28,814,423
Net Position - Ending			29,476,925

Utilities - Enterprise Fund
Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Administration			
Salaries and Wages	$ 301,625	301,625	302,389
Benefits	89,414	89,414	88,547
IMRF Pension Expense	—	—	5,668
Contracted Services	1,974,271	1,974,271	1,959,284
Supplies	700	700	372
Total Administration	2,366,010	2,366,010	2,356,260
Public Works			
Contracted Services	931,500	931,500	931,500
Operations			
Water			
Salaries and Wages	604,515	604,515	621,310
Benefits	178,762	178,762	182,460
IMRF Pension Expense	—	—	11,766
Contracted Services	768,242	768,242	726,424
Supplies	218,550	218,550	219,705
Lake Michigan Water	4,591,326	4,200,000	4,037,498
Machinery & Equipment	2,935,000	2,560,000	—
Total Water	9,296,395	8,530,069	5,799,163
Sewer			
Salaries and Wages	568,040	568,040	557,687
Benefits	155,340	155,340	151,964
IMRF Pension Expense	—	—	10,721
Contracted Services	586,431	586,431	620,616
Supplies	56,900	56,900	56,717
Machinery & Equipment	1,570,000	1,415,000	35,959
Total Sewer	2,936,711	2,781,711	1,433,664

Utilities - Enterprise Fund
Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Operations - Continued			
Stormwater			
Salaries and Wages	$ 196,080	196,080	204,876
Benefits	79,210	79,210	77,026
IMRF Pension Expense	—	—	3,935
OPEB Expense	—	—	(49,793)
Contracted Services	396,660	396,660	316,039
Supplies	34,450	34,450	31,810
Machinery & Equipment	1,698,047	1,225,000	32,128
Total Stormwater	2,404,447	1,931,400	616,021
Total Operations	14,637,553	13,243,180	7,848,848
Depreciation and Amortization	30,612	30,612	1,543,400
Total Operating Expenses	17,965,675	16,571,302	12,680,008

Refuse Collection - Enterprise Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Operating Revenues			
Charges for Services	$ 2,687,000	2,599,664	2,648,962
Miscellaneous	92,100	91,051	120,873
Total Operating Revenues	2,779,100	2,690,715	2,769,835
Operating Expenses			
Administration	1,386,086	1,386,086	1,336,942
Operations	1,514,850	1,647,056	1,582,074
Depreciation	—	—	3,882
Total Operating Expenses	2,900,936	3,033,142	2,922,898
Operating (Loss)	(121,836)	(342,427)	(153,063)
Nonoperating Revenues			
Investment Income	700	700	—
(Loss) before Transfers	(121,136)	(341,727)	(153,063)
Transfer In	—	50,000	—
Change in Net Position	(121,136)	(291,727)	(153,063)
Net Position - Beginning			709,287
Net Position - Ending			556,224

CITY OF ROLLING MEADOWS, ILLINOIS

Refuse Collection - Enterprise Fund
Scheduling of Operating Expenses - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Administration			
Contracted Services	$ 1,386,086	1,386,086	1,336,942
Operations			
Salaries and Wages	362,860	362,860	367,993
Benefits	78,958	127,064	129,494
IMRF Pension Expense	—	81,000	11,014
OPEB Expense	—	—	2,526
Contracted Services	1,069,932	1,073,032	1,067,947
Supplies	3,100	3,100	3,100
Total Operations	1,514,850	1,647,056	1,582,074
Depreciation	—	—	3,882
Total Operating Expenses	2,900,936	3,033,142	2,922,898

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies other governmental unit, or to other governmental units, on a cost-reimbursement basis.

Municipal Garage Fund

The Municipal Garage Fund is used to account for the resources collected from other City departments used to provide maintenance to City vehicles and major equipment/machinery.

Vehicle Replacement Fund

The Vehicle Replacement Fund is used to account for the resources collected from other City departments used in replacing City vehicles and major equipment.

Buildings and Land Fund

The Buildings and Land Fund is used to account for the resources collected from other City departments used for the purchase of land or buildings, or the remodeling, renovation, and expansion of current buildings.

Liability Insurance Fund

The Liability Insurance Fund is used to account for the resources collected from other City departments used to manage funding of the property/casualty/workers compensation claims.

Health Insurance Fund

The Health Insurance Fund is used to account for resources collected from other City departments to fund the City's portion of health insurance premiums as well as those of retired employees.

Internal Service Funds
Combining Statement of Net Position
December 31, 2025

See Following Page

Internal Service Funds
Combining Statement of Net Position
December 31, 2025

	Municipal Garage
ASSETS	
Current Assets	
Cash and Investments	$ 1,594,794
Receivables - Net of Allowances - Accounts	5,401
Prepaids	—
Total Current Assets	1,600,195
Noncurrent Assets	
Capital Assets	
Nondepreciable	—
Depreciable	9,247
Accumulated Depreciation	(9,247)
Total Capital Assets	—
Total Assets	1,600,195
LIABILITIES	
Current Liabilities	
Accounts Payable	68,410
Accrued Payroll	14,182
Compensated Absences Payable	9,247
Total Current Liabilities	91,839
Noncurrent Liabilities	
Compensated Absences Payable	36,988
Total Liabilities	128,827
NET POSITION	
Investment in Capital Assets	—
Unrestricted	1,471,368
Total Net Position	1,471,368

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
2,588,569	3,948,761	995,499	8,978,638	18,106,261
—	7,265	—	—	12,666
—	—	2,755,325	1,616,922	4,372,247
2,588,569	3,956,026	3,750,824	10,595,560	22,491,174
1,301,085	1,023,302	—	—	2,324,387
31,741,607	6,973,445	—	—	38,724,299
(20,355,266)	(4,013,338)	—	—	(24,377,851)
12,687,426	3,983,409	—	—	16,670,835
15,275,995	7,939,435	3,750,824	10,595,560	39,162,009
830,510	296,241	39,724	318,699	1,553,584
—	—	—	—	14,182
—	—	—	—	9,247
830,510	296,241	39,724	318,699	1,577,013
—	—	—	—	36,988
830,510	296,241	39,724	318,699	1,614,001
12,687,426	3,983,409	—	—	16,670,835
1,758,059	3,659,785	3,711,100	10,276,861	20,877,173
14,445,485	7,643,194	3,711,100	10,276,861	37,548,008

Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended December 31, 2025

	Municipal Garage
Operating Revenues	
Interfund Services	$ 2,102,861
Miscellaneous	5,028
Total Operating Revenues	2,107,889
Operating Expenses	
Administration	2,136,395
Public Safety	—
Public Works	—
Depreciation	—
Total Operating Expenses	2,136,395
Operating Income (Loss)	(28,506)
Nonoperating Revenues	
Disposal of Capital Assets	—
Investment Income	—
	—
Change in Net Position	(28,506)
Net Position - Beginning	1,499,874
Net Position - Ending	1,471,368

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
3,210,261	2,805,418	488,661	5,959,023	14,566,224
—	—	239,509	1,213,749	1,458,286
3,210,261	2,805,418	728,170	7,172,772	16,024,510
—	—	603,363	4,820,315	7,560,073
839,823	—	—	—	839,823
—	806,458	—	—	806,458
1,376,804	189,088	—	—	1,565,892
2,216,627	995,546	603,363	4,820,315	10,772,246
993,634	1,809,872	124,807	2,352,457	5,252,264
73,450	—	—	—	73,450
—	41,939	902	7,247	50,088
73,450	41,939	902	7,247	123,538
1,067,084	1,851,811	125,709	2,359,704	5,375,802
13,378,401	5,791,383	3,585,391	7,917,157	32,172,206
14,445,485	7,643,194	3,711,100	10,276,861	37,548,008

Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended December 31, 2025

	Municipal Garage
Cash Flows from Operating Activities	
Interfund Services Provided	$ 2,115,225
Payments to Suppliers	(1,707,734)
Payments to Employees	(401,270)
	6,221
Cash Flows from Capital and Related Financing Activities	
Disposal of Capital Assets	—
Purchase of Capital Assets	—
	—
Cash Flows from Investing Activities	
Investment Income (Loss) Received	—
Net Change in Cash and Cash Equivalents	6,221
Cash and Cash Equivalents - Beginning	1,588,573
Cash and Cash Equivalents - Ending	1,594,794
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income	(28,506)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities	
(Increase) Decrease in Current Assets	7,336
Increase (Decrease) in Current Liabilities	27,391
Net Cash Provided by Operating Activities	6,221

Vehicle Replacement	Buildings and Land	Liability Insurance	Health Insurance	Totals
3,249,901	2,845,179	587,072	7,262,602	16,059,979
(46,257)	(648,853)	(579,280)	(4,813,310)	(7,795,434)
—	—	—	—	(401,270)
3,203,644	2,196,326	7,792	2,449,292	7,863,275
73,450	—	—	—	73,450
(1,671,940)	(871,765)	—	—	(2,543,705)
(1,598,490)	(871,765)	—	—	(2,470,255)
—	41,939	902	7,247	50,088
1,605,154	1,366,500	8,694	2,456,539	5,443,108
983,415	2,582,261	986,805	6,522,099	12,663,153
2,588,569	3,948,761	995,499	8,978,638	18,106,261
993,634	1,809,872	124,807	2,352,457	5,252,264
1,376,804	189,088	—	—	1,565,892
39,640	39,761	(141,098)	89,830	35,469
793,566	157,605	24,083	7,005	1,009,650
3,203,644	2,196,326	7,792	2,449,292	7,863,275

Municipal Garage - Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Operating Revenues			
Interfund Services	$ 2,127,697	2,127,697	2,102,861
Miscellaneous	—	5,028	5,028
Total Operating Revenues	2,127,697	2,132,725	2,107,889
Operating Expenses			
Administration			
Motor Pool			
Salaries and Wages	415,459	387,495	401,270
Benefits	110,163	110,163	113,745
Contracted Services	1,189,849	1,192,849	1,187,037
Supplies	483,550	446,700	434,343
Total Operating Expenses	2,199,021	2,137,207	2,136,395
Change in Net Position	(71,324)	(4,482)	(28,506)
Net Position - Beginning			1,499,874
Net Position - Ending			1,471,368

Vehicle Replacement - Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Operating Revenues			
Interfund Services	$ 3,244,899	3,244,899	3,210,261
Operating Expenses			
Public Safety	2,523,000	3,114,000	839,823
Depreciation	—	—	1,376,804
Total Operating Expenses	2,523,000	3,114,000	2,216,627
Operating Income	721,899	130,899	993,634
Nonoperating Revenues			
Disposal of Capital Assets	10,000	30,000	73,450
Interest Expense	—	—	—
	10,000	30,000	73,450
Change in Net Position	731,899	160,899	1,067,084
Net Position - Beginning			13,378,401
Net Position - Ending			14,445,485

CITY OF ROLLING MEADOWS, ILLINOIS

Buildings and Land - Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Operating Revenues			
Interfund Services	$ 2,761,670	2,831,291	2,805,418
Operating Expenses			
Public Works	2,639,000	2,639,150	806,458
Depreciation	—	—	189,088
Total Operating Expenses	2,639,000	2,639,150	995,546
Operating Income	122,670	192,141	1,809,872
Nonoperating Revenues			
Investment Income	25,000	41,000	41,939
Change in Net Position	147,670	233,141	1,851,811
Net Position - Beginning			5,791,383
Net Position - Ending			7,643,194

Liability Insurance - Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Operating Revenues			
Interfund Services	$ 488,660	488,660	488,661
Miscellaneous			
Insurance Rebate	30,000	56,806	98,411
Other	—	—	141,098
Total Operating Revenues	518,660	545,466	728,170
Operating Expenses			
Administration			
Liability Insurance	337,668	485,000	476,506
Unemployment	1,000	1,000	239
Reimbursable Repairs	150,000	150,000	126,618
Total Operating Expenses	488,668	636,000	603,363
Operating Income (Loss)	29,992	(90,534)	124,807
Nonoperating Revenues			
Investment Income	500	700	902
Income (Loss) before Transfers	30,492	(89,834)	125,709
Transfers Out	—	(50,000)	—
Change in Net Position	30,492	(139,834)	125,709
Net Position - Beginning			3,585,391
Net Position - Ending			3,711,100

Health Insurance - Internal Service Fund
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Budget		
	Original	Final	Actual
Operating Revenues			
Interfund Services	$ 3,339,565	3,346,294	5,959,023
Miscellaneous			
Employee Contributions	520,000	520,000	588,725
Retiree Contributions	600,000	600,000	615,019
Other	—	—	10,005
Total Operating Revenues	4,459,565	4,466,294	7,172,772
Operating Expenses			
Administration			
Group Health			
PPO White	573,655	573,655	573,654
PPO Blue	1,046,122	1,046,122	1,046,122
HMO	1,529,413	1,220,923	1,220,923
Retirees	433,822	433,822	434,660
PSEBA	56,267	56,267	56,267
PPO Purple	241,342	241,342	241,342
HMO Orange	30,302	30,302	30,302
PPO Green	28,674	28,674	28,674
Dental Insurance			
PPO	110,089	110,089	110,088
Retirees	17,235	17,235	17,235
HMO	22,545	22,545	24,686
Life Insurance	15,560	15,560	15,560
Retiree Medicare Reimbursements	251,833	251,833	248,843
Retiree Payouts	475,444	644,444	644,391
Retiree Taxes	12,521	12,521	14,158
Retiree IMRF	10,732	10,732	10,732
Other	15,000	104,830	102,678
Total Operating Expenses	4,870,556	4,820,896	4,820,315
Operating Income (Loss)	(410,991)	(354,602)	2,352,457
Nonoperating Revenues			
Investment Income	4,500	8,000	7,247
Change in Net Position	(406,491)	(346,602)	2,359,704
Net Position - Beginning			7,917,157
Net Position - Ending			10,276,861

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Pension Trust Funds
Combining Statement of Fiduciary Net Position
December 31, 2025

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	$ 534,681	490,462	1,025,143
Investments			
Illinois Police Officers' Pension Investment Fund	76,955,733	—	76,955,733
Illinois Firefighters' Pension Investment Fund	—	66,735,592	66,735,592
Due from Municipality	1,354,832	2,353,032	3,707,864
Prepaids	5,027	3,574	8,601
Total Assets	78,850,273	69,582,660	148,432,933
LIABILITIES			
Accounts Payable	4,570	5,248	9,818
NET POSITION			
Net Position Restricted for Pensions	78,845,703	69,577,412	148,423,115

Pension Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2025

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	$ 3,243,041	4,565,912	7,808,953
Contributions - Plan Members	890,801	517,828	1,408,629
Total Contributions	4,133,842	5,083,740	9,217,582
Investment Income			
Interest Earned	408,399	1,227,608	1,636,007
Net Change in Fair Value	11,605,021	9,230,588	20,835,609
	12,013,420	10,458,196	22,471,616
Less Investment Expenses	(68,759)	(126,375)	(195,134)
Net Investment Income	11,944,661	10,331,821	22,276,482
Total Additions	16,078,503	15,415,561	31,494,064
Deductions			
Administration	94,773	81,974	176,747
Benefits and Refunds	5,406,950	5,213,235	10,620,185
Total Deductions	5,501,723	5,295,209	10,796,932
Change in Fiduciary Net Position	10,576,780	10,120,352	20,697,132
Net Position Restricted for Pensions			
Beginning	68,268,923	59,457,060	127,725,983
Ending	78,845,703	69,577,412	148,423,115