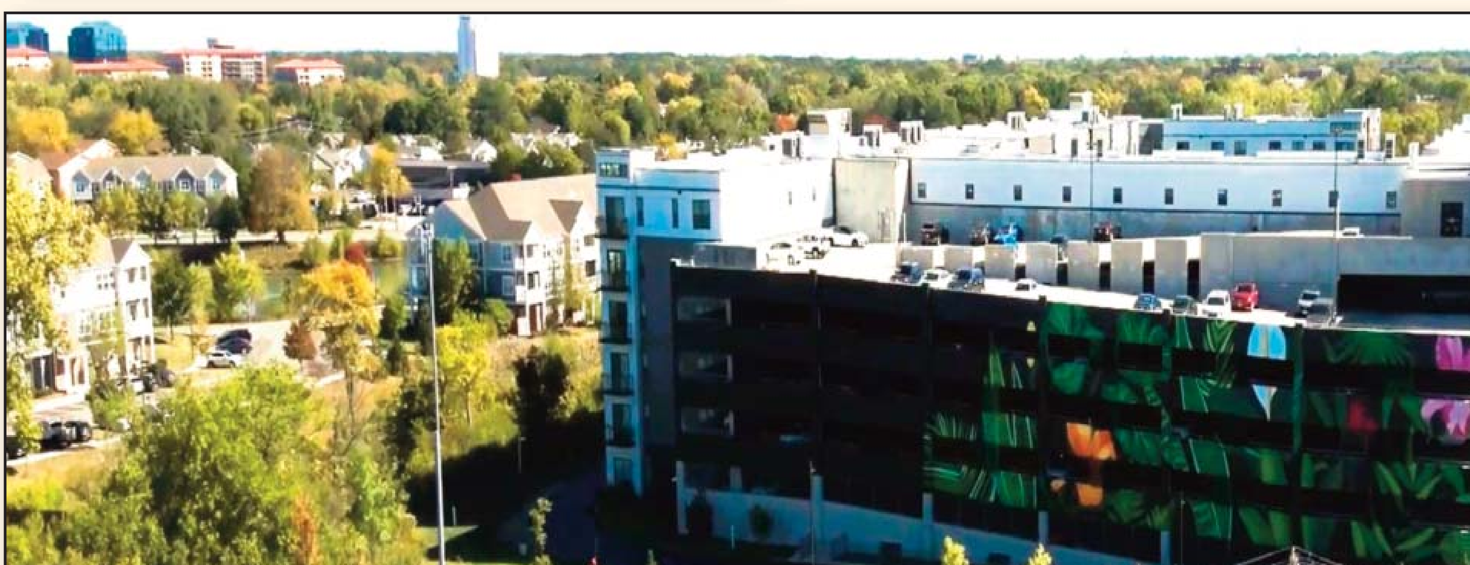
VILLAGE OF

WHEELING

ILLINOIS

2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ended December 31, 2025

VILLAGE OF WHEELING, ILLINOIS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

For the Year Ended
December 31, 2025

Prepared by Finance Department

R. Brian Smith
Director of Finance

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STATISTICAL SECTION

INTRODUCTORY SECTION

VILLAGE OF WHEELING, ILLINOIS

PRINCIPAL OFFICIALS

DECEMBER 31, 2025

ELECTED OFFICIALS

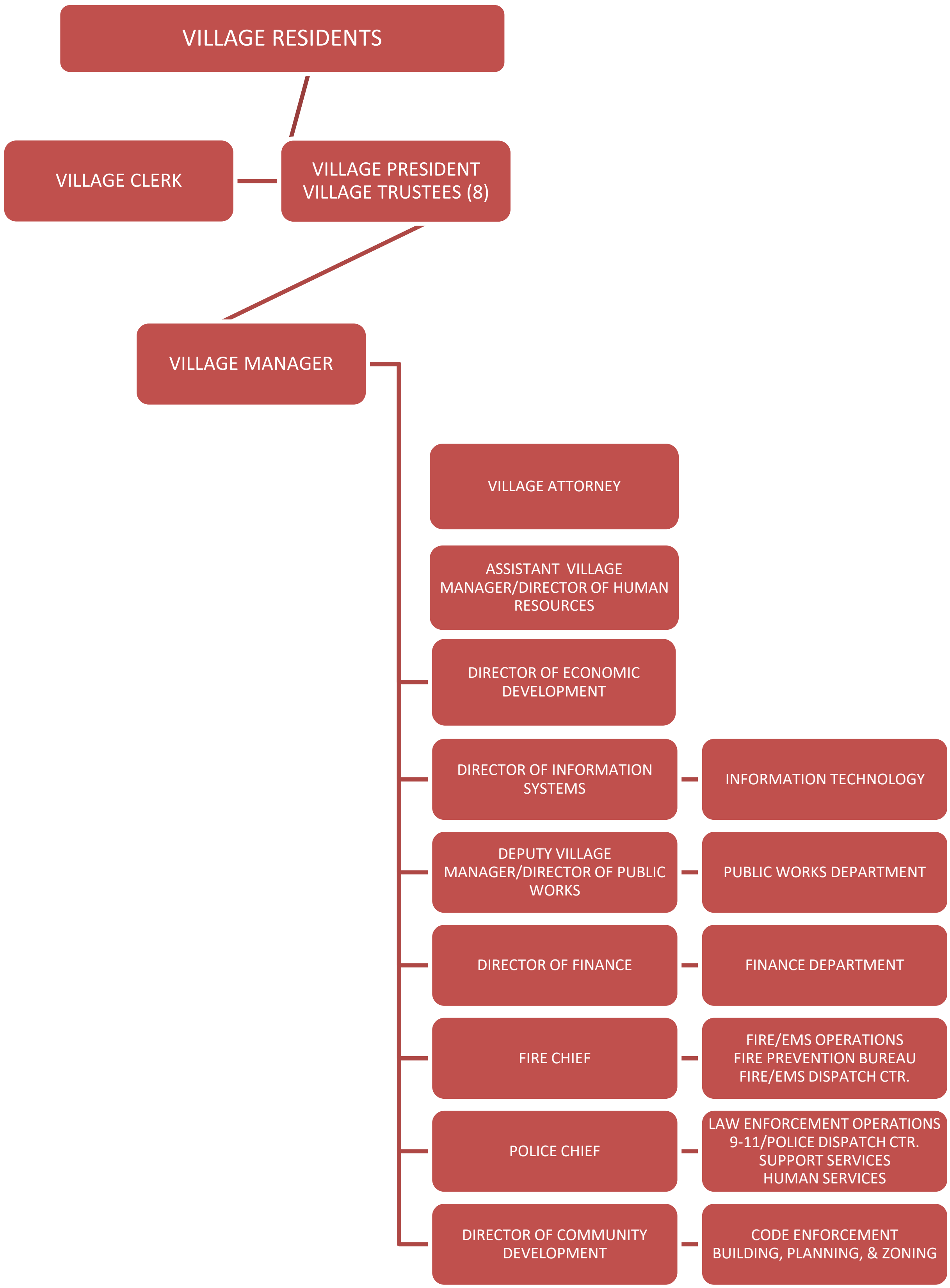
Pat Horcher
Village President

Mary Krueger
Ray Lang
Mary Papantos
James Ruffatto
Joe Vito
David Vogel
Village Trustees

Kathryn Brady
Village Clerk

ADMINISTRATIVE

Jon Sfondilis – Village Manager
Marisol Leyva – Asst. Village Manager/Director of Human Resources
Leonard Becker – Director of Economic Development
Luca Ursan – Director of Information Systems
Dan Kaup – Deputy Village Manager/Director of Public Works
Scott Salela – Fire Chief
William Murphy – Police Chief
Ross Klicker – Director of Community Development
R. Brian Smith – Director of Finance


VILLAGE RESIDENTS
VILLAGE CLERK
VILLAGE PRESIDENT
VILLAGE TRUSTEES (8)
VILLAGE MANAGER
VILLAGE ATTORNEY
ASSISTANT VILLAGE MANAGER/DIRECTOR OF HUMAN RESOURCES
DIRECTOR OF ECONOMIC DEVELOPMENT
DIRECTOR OF INFORMATION SYSTEMS
INFORMATION TECHNOLOGY
DEPUTY VILLAGE MANAGER/DIRECTOR OF PUBLIC WORKS
PUBLIC WORKS DEPARTMENT
DIRECTOR OF FINANCE
FINANCE DEPARTMENT
FIRE CHIEF
FIRE/EMS OPERATIONS
FIRE PREVENTION BUREAU
FIRE/EMS DISPATCH CTR.
POLICE CHIEF
LAW ENFORCEMENT OPERATIONS
9-11/POLICE DISPATCH CTR.
SUPPORT SERVICES
HUMAN SERVICES
DIRECTOR OF COMMUNITY DEVELOPMENT
CODE ENFORCEMENT
BUILDING, PLANNING, & ZONING

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Wheeling
Illinois

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

2 Community Blvd. • Wheeling, Illinois 60090
Phone: (847) 459-2600 • Fax: (847) 459-9692

June 25, 2026

To the Honorable Village President, Village Clerk, Trustees, and Residents of the Village of Wheeling:

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements included in this report depict the financial position and changes in financial position presented in conformance with Generally Accepted Accounting Principles (GAAP). Sikich LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the Village of Wheeling's financial statements for the year ended December 31, 2025. The independent auditor's report is located at the front of the financial section of this report.

The financial statements have been prepared in accordance with Statement No. 34 (Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments) of the Governmental Accounting Standards Board (GASB). The GASB is an organization that establishes accounting and financial reporting standards for state and local governments in the United States. Sikich LLP provides, with reasonable assurance, that the financial statements are free of material misstatement. The audit process includes examination, on a test basis, of evidence supporting the amounts and disclosures reported in the financial statements. The independent auditors also assess the accounting principles used and include their report as the first component of the financial section of this Comprehensive Annual Financial Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Village of Wheeling

The Village of Wheeling, incorporated in 1894, is located in the Chicago, Illinois metropolitan area just 27 miles northwest of downtown Chicago. It currently occupies 8.6 square miles and serves a population of 39,137. Wheeling has easy access to both air and ground transportation providing several convenient ways to get anywhere in the Chicago metropolitan area or the world. Ground transportation can be accessed through the Tri-State Tollway (I-294), the METRA north central passenger line, or PACE, the suburban bus division of the Regional Transportation

Authority. Interstate 294 runs along the eastern edge of the Village, connecting Wheeling with Chicago and Milwaukee (70 miles). Just two miles to the west is Route 53, a freeway that leads to I-290 and I-355, offering easy access to the South and West suburbs, Rockford, and beyond. Air transportation is available through O'Hare International Airport, located just seven miles from Wheeling, and Chicago Executive Airport, situated partly in the Village of Wheeling and the City of Prospect Heights. Wheeling and Prospect Height's municipal airport is the third busiest in Illinois, home to many corporate jets and private planes.

In addition to an excellent transportation network, Wheeling is an outstanding community in which to live and work. The Village has an ideal mix of residential and multi-family housing, excellent schools and park district facilities, and some of the Chicago area's best-known restaurants. Milwaukee Avenue is the site of Wheeling's famous "Restaurant Row", home to restaurants featuring Italian, Japanese, Chinese, and American cuisine. Six major hospitals are nearby, giving residents several options to meet their medical needs. Wheeling High School has received state and national recognition for its Science, Technology, Engineering, and Math (STEM) program.

In addition to its primary and secondary schools, Village residents can take advantage of graduate-level courses in business and education taught at National Louis University's campus in Wheeling. William Rainey Harper College – a leading 2-year community college – also serves Wheeling, offering certificate and associate degree programs and college transfer programs.

The Village of Wheeling operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing board (Board) consisting of the President, Village Clerk, and six trustees, all elected on a non-partisan basis. Board members serve four-year terms, with three trustees elected every two years. All members of the Board are elected at large. The Board appoints the Village Manager, who in turn appoints the heads of the various departments.

The Board is empowered to levy a property tax on real property within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done occasionally. The Village became a home rule unit by referendum on April 19, 1977, which gave it additional powers to tax and regulate not specifically granted by the Illinois constitution.

The Village provides a full range of services, including police protection, firefighting, fire prevention, and emergency medical services, design, construction, and maintenance of roads, streets and infrastructure, garbage collection, water distribution, storm, and sanitary sewer system maintenance and repair, vehicle equipment and maintenance, community and economic development and planning, senior citizen and social services, and general and financial administration and services.

The Village Board is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for financial planning and control. The budget is prepared by fund, function (e.g., public safety), department (e.g., police), and program (e.g., commuter parking). The Village Manager may transfer resources between departments, programs, or line items without Board approval. Transfers that increase or decrease the total fund budget require special approval from the Village Board.

Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, and Pension Funds are included in the annual operating budget. Project-length financial plans are prepared and published in a separate Capital Improvement Plan (CIP). The Village also maintains an encumbrance accounting system to accomplish budgetary control. Encumbrances lapse at year-end; however, encumbrances are generally re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the Village continues to meet its responsibility for sound financial management.

Fiscal Year 2025 General Fund Results

The FY 2025 budget approved by the Board in December of 2024 reflected a surplus of $795,813 due to better-than-expected sales and income tax receipts and a mostly status-quo expenditure budget. Notably, the Fiscal Year 2025 budget represented the ninth time in ten years that the Village approved a balanced or surplus budget, a display of long-term financial stability accomplished primarily by managing expenditures.

When staff prepared the budget in the fall of 2024, most economists expected a Federal-Reserve-led soft landing with modest growth in 2025. While that ultimately proved to be the case, further changes initiated on January 1st, 2025, by the Leveling the Playing Field Act increased sales tax beyond Staff's projections. Consequently, the Village's major revenue sources fared much better than expected, and the Village ended FY 2025 with a General Fund surplus of $744,279 (after surplus transfers to the capital projects fund and pension funds), a positive development for the organization and the community. In addition, the fund balance at year-end was nearly $20.4 million, representing 39.48 percent of annual operating expenditures, well above the 25 percent minimum required by policy. The larger-than-expected surplus resulted from a combination of revenues over budget by $1,388,923 (2.80%) and expenditures that were over budget by $30,998 (0.06%), respectively, for the reasons described below.

<u>Revenue-Related Variances:</u>

The revenue-related variances (i.e., budget versus estimated actual) in FY 2025 were primarily due to the following:

Sales Tax – Sales tax receipts exceeded the budget by $2,203,175 (17.35%) due to additional Leveling the Playing Field Act changes that went into effect January 1st, 2025, a one-time sales tax transaction that occurred in December, the results of an internal audit by the State that produced additional revenue in December, and businesses outperforming staff's expectations. Nevertheless, FY 2025 receipts set a new high-water mark for the Village, eclipsing FY 2024's record of $12,528,197 by $2,376,377. The year-over-year increase is noteworthy because the recession many economists expected never materialized, and demand for goods and services remained high.

Income Tax – FY 2025 income tax receipts were slightly stronger than Illinois Municipal League (IML) projections, exceeding the budget by $173,546 (2.52%). Income tax receipts have been stronger in the past four years than in any year before, which is attributable to strong corporate earnings, higher wages, and low unemployment. Income tax receipts in 2025 set a new high-water mark for the Village, eclipsing FY 2024's record of $6,646,260 by $411,876.

Use Tax Revenue – Use tax receipts lagged the budget by $661,763 (-65.34%) for FY 2025. Tax distributions plummeted due to the previously mentioned changes under the Levelling the Playing Field Act.

Other Revenue – Several other sources of revenue exceeded the budget by $252,165 (0.82%) in aggregate for less important reasons than those described above.

<u>Expenditure-Related Variances:</u>

As noted earlier, final General Fund expenditures were under budget by $94,713 (-0.18%) after the Board made a policy-related decision to transfer $1,200,000 to the Capital Projects Funds and $850,000 in surplus funds to two of the Village's three pension funds. That result is consistent with past results: in the last ten years, actual expenditures have averaged 98.91% of budgeted expenditures before surplus transfers. Thus, when the Village ends the year with a surplus or deficit, the result is usually because revenues have been much stronger or weaker than predicted.

General Fund expenditures typically end the year under budget, and FY 2025 was no exception. Most of the Village's expenditures ended FY 2025 close to the original budget (with some positive and negative variances from one category to the next), except for telecommunication services and miscellaneous contractual services costs in the Administration Department. The Village had budgeted $428,050 for a special census in FY 2025, but that expenditure has been delayed until FY 2026. In addition, phone services throughout the Village came in over $100,000 under budget.

Summary:

In summary, the Village conservatively approached the FY 2025 budget process, finding ways to limit expenditure growth while relying on sales tax and income tax to produce a surplus budget. Final results showed Village's revenue sources exceeded expectations, while expenditures fell short of staff's expectations.

As a result, Fiscal Year 2025 produced an initial General Fund surplus of $2,857,650, creating an opportunity, consistent with the Village's financial policy, to make additional contributions to the Village's Police, Fire, and IMRF Pension Funds and to its' Capital Projects Fund. Consequently, after year-end, the Board contributed $1,200,000 to the Capital Projects Fund and an additional $850,000 of the surplus to those funds to reduce each fund's unfunded liability.

Historically, the bond rating agencies have viewed additional pension fund contributions favorably when they rate the Village's ability to repay its debt. In fact, in their report dated November 12, 2021, S&P Global Ratings said the following about the Village's history of contributing surplus revenue to its pension funds:

"In our view, the Village's consistent application of a portion of operating surpluses to pay down a portion of its unfunded pension liabilities is prudent. We note that the Village, unlike most cities and villages in Illinois, makes supplemental contributions to its public safety pensions above the ADCs (i.e., Actuarially Defined Contributions), and the village board has a policy to consider applying general fund surpluses to pay down (a) portion of the unfunded pension liabilities each year. The Village has consistently used some of its operating surpluses to make additional contributions in recent years, with additional contributions made to each of the police and firefighters plans each year since at least fiscal 2009."

The final General Fund surplus (after subtracting the additional pension fund contributions) was $744,279. As a result, the fund balance increased to $20,382,035, representing 39.48 percent of Fiscal Year 2026 operating expenditures. In summary, the Village was in a strong financial position at the end of Fiscal Year 2025 for the reasons noted.

Although not highlighted here, the Village's other Governmental, Proprietary, and Fiduciary Funds finished the year as expected, meaning that economic changes did not significantly impact them and did not create any immediate concerns for management.

Local Economic Development Activities

During the Fiscal Year that ended December 31, 2025, the Village granted 1,306 permits for construction projects valued at $49.45 million.

Notable public and private economic development projects and initiatives included:

• **Business Expansions and Relocations.** Four significant business expansion and relocation projects were announced during 2025. Reynolds Consumer Products, a leading manufacturer of household foil and food storage products, initiated a $10 million expansion project to add a new production line that will increase manufacturing capacity and support exports to European Union markets. The project is expected to create 25 new jobs. Dynomax, a Tier 1 Department of Defense contractor and one of Wheeling's largest private employers, continued its growth with an expansion of manufacturing operations at 230 W. Palatine Road. PH Wheeling, located at 199 Shepard Avenue, announced a 30,000-square-foot expansion to accommodate additional cold storage operations, representing a $3 million investment and the creation of 30 new jobs. Aurora Windows acquired 1475 S. Wheeling Road for its new headquarters and production facility. As a subsidiary of Apex Window Werks, the project will generate approximately 40 new full-time jobs and represents a capital investment of $4.5 million.

• **Entertainment Experience Evolution (EEE) Conference.** The Village participated in the 2025 Entertainment Experience Evolution (EEE) Conference held February 24–26 in Los Angeles. Organized by Shopping Center Business and France Media, the conference brought together more than 300 executives representing entertainment and dining concepts, retail developers, property owners, economic development organizations, investors, lenders, architects, designers, and contractors. As an extension of the International Council of Shopping Centers (ICSC) RECon Conference, the event provided opportunities to engage directly with expanding retail, dining, and entertainment concepts considering locations throughout the Chicago region. The Village further enhanced its presence through sponsorship of a full-page advertisement in the conference program. Topics included experiential retail trends, immersive entertainment concepts, consumer engagement strategies, and emerging technologies influencing location-based entertainment.

• **Cook County Class 6b Property Tax Incentives.** The Village Board approved eight Cook County Class 6b Property Tax Incentive applications during 2025. The incentive is designed to encourage industrial investment through the reuse and redevelopment of industrial properties. Approved projects included Dynomax, SCG Real Estate, Windy City Linen, PH Wheeling, Powerhouse Restoration, Aurora Windows, Senju America, and Reynolds Consumer Products. Collectively, these projects are expected to generate approximately 410 new jobs and more than $26.5 million in private capital investment. The incentive provides a phased property tax assessment schedule over a 12-year period, helping to attract and retain industrial employers within Cook County.

• **Cook County Class 7 Property Tax Incentives.** The Village Board also supported three Cook County Class 7 Property Tax Incentive applications designed to encourage commercial investment and redevelopment. Incentive recipients included District Brew Yards, Finn McCool's Irish Sports Pub, and Gas N Wash. These projects represented more than $11 million in private investment and are expected to create approximately 65 new jobs. The incentives helped facilitate the reuse of underutilized commercial properties while supporting investment within Wheeling's hospitality and retail sectors.

• **Grand Openings and Business Celebrations.** Members of the Village Board and Village staff participated in numerous grand opening and ribbon-cutting ceremonies throughout the year, including Headless Horseman Arcade, Wheeling Bank & Trust, Moretti's Ristorante & Pizzeria, Frog Pickleball, Taste of Nature, Gas N Wash, Woody's Wings, Scooter's Coffee, and the grand reopening of Cilantro Taco Grill.

• **Bisnow Commercial Real Estate Event.** The Village served as the presenting sponsor for Bisnow's "Exploring Chicago's Northern Suburbs" commercial real estate conference. Held in Wheeling on November 6, the event attracted more than 200 commercial real estate professionals, developers, investors, business leaders, municipal representatives, and elected officials. The program provided market insights regarding development trends, investment opportunities, redevelopment challenges, and emerging projects throughout Chicago's northern suburban market, further elevating Wheeling's visibility within the regional real estate community.

• **Choose Wheeling Website and Marketing Initiatives.** Staff continued to market and expand the Village's economic development website, www.choosewheeling.com. The stand-alone platform serves as a comprehensive resource for businesses, developers, investors, restaurateurs, and entrepreneurs seeking information about Wheeling's market opportunities and competitive advantages. In 2025, the website received a Silver Award from the International Economic Development Council (IEDC) Excellence in Economic Development Awards Program in the General-Purpose Website category for communities with populations between 25,000 and 200,000. The award recognized the website's strategic design, content, and effectiveness in supporting business attraction and economic development efforts. Complementing the platform, the Village also continued promotion of dineinwheeling.com and wheelingrestaurantrow.com, which provide interactive mapping and promotional resources highlighting Wheeling's more than 90 restaurants and dining establishments. Additionally, the Village continued strategic electronic and traditional print marketing campaigns through various publications and sources including Chicago Magazine, Shopping Center Business, Restaurant News, Bisnow, LinkedIn, Google, and others.

• **Business Retention and Expansion Programs.** As part of the Village's ongoing Business Retention and Expansion (BRE) efforts, Economic Development staff launched an online business survey and hosted industry roundtable discussions focused on manufacturing and international trade. These initiatives supplemented traditional business outreach activities and provided valuable feedback regarding local business needs, workforce challenges, growth opportunities, and economic conditions. The survey continues to be promoted through direct outreach, social media channels, and the Choose Wheeling website.

• **Restaurant, Entertainment, and Retail Build-Out Grant Program.** The Restaurant, Entertainment, and Retail Build-Out Grant Program provides matching funding opportunities for new and expanding businesses while supporting façade and tenant improvements within the Town Center II and North Milwaukee Avenue Tax Increment Financing Districts. During 2025, grants were awarded to Cinergy Theatres and Sunberry Orchard Market. The Village awarded $227,500 in grant assistance which leveraged nearly $1 million in private investment.

• **Business Outreach and Retention Visits.** Economic Development staff conducted 219 business retention and expansion contacts during 2025 through in-person meetings, telephone calls, virtual meetings, and email correspondence. Outreach efforts included businesses across the manufacturing, retail, restaurant, aviation, service, and corporate sectors. Representative meetings included Bathing Brands, Taste of Nature, SG360, Apex Window Works, Atlantic Aviation, Priester Aviation, Tasca Chevrolet, Walmart, Today's Temptations, Terrazzo Marble & Tile, Spears Manufacturing, Fox Deluxe Foods, Bowl of Fortune, D'Agostino's Pizza, Kazan Restaurant, ARA Cabinets, America's Gym, and Reynolds Consumer Products. Discussions focused on workforce development, business assistance programs, expansion opportunities, permitting assistance, community engagement, and operational challenges.

• **Professional Conferences and Industry Engagement.** Economic Development staff participated in numerous industry conferences, professional association meetings, and trade events throughout the year to promote Wheeling as a business, investment, and development destination. These included the International Economic Development Council Annual Conference, Urban Land Institute regional programs, Connect CRE Midwest Industrial and Multifamily Conferences, and the Illinois Economic Development Association Annual Summit. These activities support business attraction efforts, strengthen professional networks, and provide opportunities to identify emerging development trends and prospective investment opportunities.

The Village anticipates that these projects and programs will continue to strengthen Wheeling's tax base, support job creation and private investment, enhance quality of life, and maintain a balanced mix of residential, commercial, and industrial development throughout the community.

Long-term Financial Planning and Relevant Financial Policies

The Village's financial policies establish minimum reserve levels for certain funds. At December 31, 2025, the fund balance in the General Fund totaled $20,382,035, representing 39.48 percent of Fiscal Year 2026 budgeted expenditures (including interfund transfers), more than the 25 percent minimum established by the Board. Of this amount, $16,142,142 was unassigned and available to fund future programs and services. The Village's other funds had fund balances that met or exceeded the minimums required by the policy in instances where the Board has formally adopted one.

In the last ten years, the Village Board has implemented several new sources of revenue to help ensure the long-term financial stability of the community. Most notably, the Village has taken a proactive approach to the Village's property tax levy by consistently approving increases intended to meet the demands of rising operating costs. Over the past 10 years (from the 2015 to 2024 levies), the levy increased an average of 2.94 percent per year from $12.6 million to $17.4 million, which helped offset predictable increases in the cost of providing core services. In addition, the Village Board has proactively increased (or implemented) the following revenue sources to reduce the Village's reliance on property tax and fund core services:

- In FY 2019, the Village implemented an amusement tax, which is generating $60,000 annually
- In FY 2020, the Village implemented a 3 percent cannabis tax, which generates approximately $365,000 annually from two cannabis dispensaries in Wheeling
- In FY 2022, the Village began participating in the Ground Emergency Medical Transportation (GEMT) program. GEMT is a federally funded Medicaid program that allows municipalities to seek reimbursement for ambulance services above what the state reimburses for Medicaid claims. The program nets $895,000 annually for the General Fund
- In FY 2025, the Village implemented a Municipal Grocery Retailers' Occupation Tax and a Municipal Grocery Service Occupation Tax to balance decreasing revenues from other sources due to state legislative action.

Each of these new sources of revenue has helped reduce the Village's reliance on sales tax, income tax, and property tax revenue to fund core services.

In addition to its fund balance policy, the Village has several other policies in place intended to meet several financial objectives. One example is the capital asset policy, which requires that the Village maintain capital asset records to comply with governmental financial reporting standards, to provide a basis for determining appropriate insurable values, and to establish responsibility for property control. Capital assets include land, infrastructure, buildings, machinery, equipment, and vehicles with estimated useful life in excess of one year, subject to the capitalization threshold.

Another example is the Village's Capital Equipment Replacement Fund (CERF) policy, which requires departments to set aside funds each year to eventually replace existing equipment and avoid significant fluctuations in the operating budget from one year to the next. Each department annually contributes to the replacement fund to ensure sufficient funds exist to replace the item at the end of its useful life without borrowing to cover those costs.

Finally, the Village recently revised its debt management policy and created a surplus revenue policy. The debt policy guides the administration regarding purposes for when debt may be issued, types and amounts of permissible debt, and the method of sale that may be used. The surplus policy provides a process by which the Village Board may contribute surplus General Fund revenue to its pension funds to reduce the Village's unfunded liabilities and the long-term cost of retirement benefits or to its capital funds to pay for capital projects. Since implementing the policy in FY 2015, the Village has relied on it to contribute an additional $9.475 million to its three pension funds and $8.05 million to its Capital Projects Fund. These policies are intended to strengthen the Village's overall financial position.

Major Initiatives

During the fiscal year that ended December 31, 2025, the Village completed several significant projects, including the following:

- The Administrative Services Department partnered with the Wheeling Park District to establish a paved connection between Wheeling Town Center and the Wheeling Park District's Community Campus facilities and approved a Streaming Amusement Tax for FY 2026 to balance decreasing revenues from other sources due to changes in consumer behavior.
- The Human Resources Department assisted the Village Manager in promoting Police Department personnel to the positions of Deputy Police Chief, Commander, and Sergeant, and provided command staff with leadership coaching to prepare for future succession as well as recruiting for a number of other position vacancies throughout the Village.
- The Economic Development Department assisted key Wheeling Town Center sites through a buildout grant to Cinergy theater for construction of a reconfigured entrance, as well as a Cook County Class 7a property tax abatement for Ala Carte Entertainment to enable the opening of Finn McCool's Irish Sports Pub and an adjacent banquet facility in FY 2026.
- The Finance Department successfully transitioned to a new banking services provider, Northern Bank & Trust, to maintain interest earnings above the current Illinois Funds Rate for Village operating accounts.
- The Community Development Department expedite permit review processes specific to single-family improvements projects (decks, patios, fences, etc.) thereby encouraging residents to reinvest in the community through reduced internal permitting timelines.
- The Police Department successfully managed the integration of fire and police dispatch services into the Northwest Central Dispatch System which went live on January 9, 2025. This integration enhances collaborative capabilities with neighboring towns while maintaining fiscal responsibility.
- The Fire Department assisted the Police Department with dispatch integration while also providing numerous disaster preparedness training events and CPR, AED, and Stop the Bleed training to Village Employees.
- The Public Works Department managed the Capital Improvement Plan (CIP) consisting of street, sidewalk, storm water, sewer, water, HVAC, roof, and other infrastructure improvements, spending approximately $14.02 million of a $21.2 million budget. The projects oversaw the installation of approximately 3,400 linear feet of storm sewer conveyance pipe for the South Dunhurst Storm Sewer Improvement Project that provides a 100-year flood protection in the subdivision and replaced approximately 4,690 linear feet of water main along Dundee Road between the railroad and Hollywood Ridge Subdivision.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2024. This was the forty-fifth (45th) consecutive year the Village received this prestigious award. To be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The Village also received the GFOA's Award for Distinguished Budget Presentation for its annual operating budget dated January 1, 2025. This marked the thirty-ninth (39th) consecutive year the Village received that recognition. To qualify for the Distinguished Budget Presentation Award, the government's budget document must be judged to be proficient in several categories, including policy documentation, financial planning, communication, and organization.

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each department member has our sincere appreciation for the contributions made to prepare this report. The Village wishes to recognize the staff of the firm of Sikich LLC, the Village auditors, and in particular, Brian LeFevre and Nick Bava, whose professionalism and cooperation are sincerely appreciated by the Village and by the staff of the Finance Department. The tireless dedication of the staff of Sikich LLC, in cooperation with the Village staff, provided a cooperative working relationship for the Village of Wheeling.

In closing, we would like to thank the members of the Board of Trustees for their interest and support in planning and conducting the village's financial operations in a responsible and progressive manner. Without their leadership and ongoing support, the preparation of this report would not have been possible.

Respectfully submitted,

Jon Sfondilis	R. Brian Smith
Village Manager	Finance Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Village of Wheeling, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wheeling, Illinois (the Village), as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental, internal service, and fiduciary funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended December 31, 2025, as indicated in the table of contents.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wheeling, Illinois as of December 31, 2025, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, internal service, and fiduciary funds of the Village of Wheeling, Illinois as of December 31, 2025, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Northwest Water Commission (NWWC), which represents 12.62%, 13.71%, and 2.95%, respectively, of the assets, net position, and revenues of the business-type activities as of December 31, 2025. 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 Village's investment in joint venture, 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 (GAAS). Our responsibilities under these 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 Village 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 these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 Village's basic financial statements. The financial information listed as schedules and the supplemental financial information listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules and supplemental financial information are the responsibility of management and were derived from and relate 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, the schedules and supplemental financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and each nonmajor governmental, internal service, and fiduciary funds of the Village as of and for the year ended December 31, 2024, and unmodified opinions were expressed on those financial statements. The audit was conducted for purposes of forming an opinion on the financial statements as a whole. The balance sheets, schedules of revenues, expenditures (expenses), and changes in fund balance (net position) - budget and actual for each fund with comparative actual is presented for purposes of additional analysis and is not a required part of the 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 2024 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and continuing disclosure - annual financial information, 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.

Sikich CPA LLC

Naperville, Illinois
June 25, 2026

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

VILLAGE OF WHEELING, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2025

As management of the Village of Wheeling, we offer Management's Discussion and Analysis (MD&A) of the financial activities of the Village for the fiscal year ended December 31, 2025. The MD&A provides a narrative and analysis of the Village of Wheeling's financial activities for the fiscal year and is designed to:

1. Provide an overview of the Village's financial activity.
2. Assist the reader in focusing on significant financial issues by identifying changes in the Village's financial position and its ability to address subsequent year challenges.
3. Identify material deviations from the approved budget and individual fund issues or concerns.

Since the MD&A's focus is on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Transmittal Letter, beginning on page iv, and the Village's financial statements beginning on page 5.

Financial Highlights

The Village's total net position is $208,737,912, of which $144,732,138 is represented by governmental activities and $64,005,774 is represented by business-type activities. During the fiscal year ended December 31, 2025, the prior year's governmental net position of $130,796,261 increased by $13,935,877 (10.65%), and business-type activities' net position as compared to the prior year's net position increased by $2,813,499 (4.60%).

On December 31, 2025, the Village's governmental funds reported combined fund balances of $65,781,770, an increase of $4,917,315 (8.08%) compared with the prior year's amount of $60,864,455. Approximately 24.54% of this amount ($16,142,142) is available for spending at the Village's discretion (*unassigned fund balance*). Changes in revenues and expenses of both governmental and business-type activities will be reviewed in greater detail under the Current Year Impacts of the Government-Wide Financial Statements section.

At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was $18,975,944, or approximately 41.10% of the general fund's expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. These financial statements consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements – consisting of the statement of net position and the statement of activities* - are designed to provide readers with a broad overview of the Village's finances like a private-sector business.

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

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

Both government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities reflect the Village's basic services, including general government, public safety, highways and streets, airport – joint venture, and interest and fees. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements can be found on pages 5-8 of this report.

Fund Financial Statements

Fund groups contain related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements allow the demonstration of compliance with finance-related legal requirements. The focus is on major funds rather than fund types. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

The Village maintains fourteen (14) 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 major funds. The General Fund, Capital Equipment Replacement Fund, Town Center TIF #2 Fund, and North Milwaukee/Lake Cook Redevelopment Area Fund are considered major governmental funds in 2025. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for its governmental and enterprise funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9-16 of this report.

Proprietary Funds

The Village maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The Village uses an enterprise fund to account for its Waterworks and Sewerage operations. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses an internal service fund to account for the accumulation of resources and costs associated with its liability insurance program. 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 fund financial statements present the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 17-22 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are unavailable to support the Village's programs and are not reflected in the government-wide financial statements. The accounting for fiduciary funds is much like that used for proprietary funds. The Village maintains two pension trust funds. The Police and Firefighters' pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by the Police or Firefighters' pension plans.

The fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements

The notes provide information essential in understanding the data provided in the government-wide and fund financial statements and can be located on pages 25-84 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, which includes the general fund budgetary comparison schedule and information concerning the Village's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 85-98 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 99-152 of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

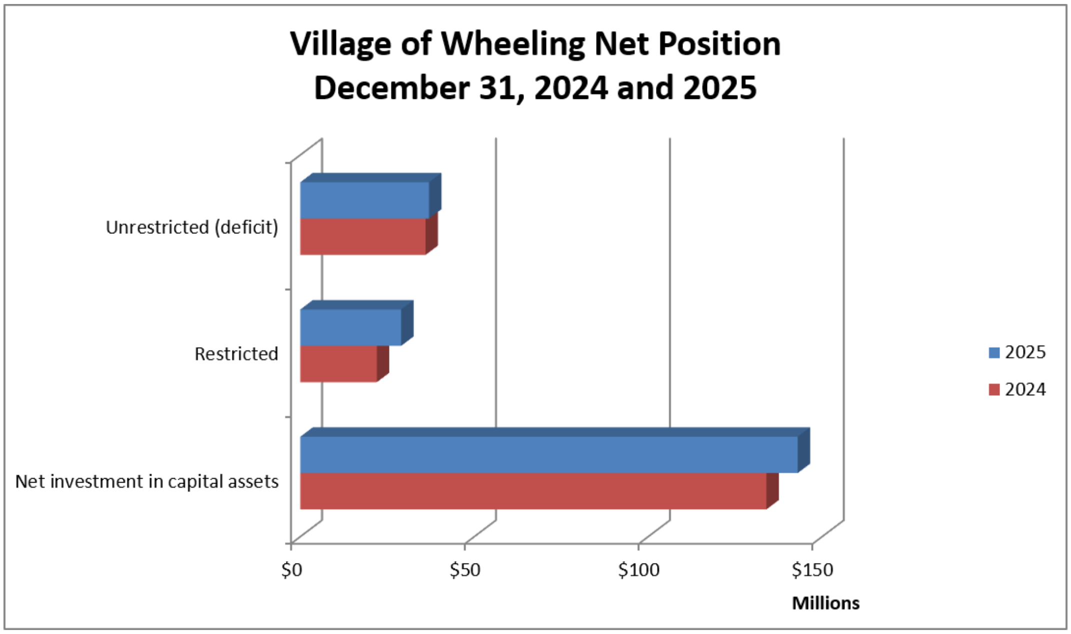
In accordance with GASB Statement No. 34, the Village presented comparative financial information to help the reader better understand the Village's financial position and changes in financial position. An analysis of the Village's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the Village's net position and changes therein. It should be noted that the financial position could also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Wheeling, assets and deferred outflows exceeded liabilities and deferred inflows by $208,802,412 as of December 31, 2025. A summary of the Village's Statement of Net position is presented below in Table 1.

Table 1: Condensed Statements of Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 108,962	$ 90,220	$ 11,094	$ 11,122	$ 120,056	$ 101,342
Capital assets	112,762	108,960	49,447	47,302	162,209	156,261
Net pension asset - IMRF	1,216	-	215	-	1,431	-
Investment in joint venture	47,389	45,755	8,773	8,429	56,162	54,183
Total Assets	270,329	244,934	69,528	66,852	339,858	311,786
Deferred Outflows of Resources						
Pension items	7,156	12,035	262	470	7,418	12,505
OPEB	3,025	2,860	534	505	3,559	3,365
Other Deferred Outflows	87	104	235	209	322	313
Total Deferred Outflows	10,269	15,000	1,030	1,184	11,299	16,184
Total Assets and Deferred Outflows	280,598	259,934	70,559	68,036	351,157	327,970
Liabilities						
Current and other liabilities	19,300	5,453	354	506	19,655	5,959
Long-term liabilities	79,243	99,847	4,977	5,735	84,220	105,582
Total Liabilities	98,543	105,300	5,331	6,241	103,874	111,541
Deferred Inflows of Resources						
Leases	1,057	1,171	-	-	1,057	1,171
Pension Items	15,256	1,984	647	23	15,903	2,007
Unamortized Gain on refunding	-	-	3	4	3	4
OPEB	3,240	3,261	572	575	3,812	3,837
Property Tax	17,769	17,421	-	-	17,769	17,421
Total Deferred Inflows	37,323	23,838	1,222	602	38,545	24,440
Total Liabilities and Deferred Inflows	135,866	129,138	6,553	6,843	142,419	135,981
Net Position						
Net investment in capital assets	95,672	88,515	47,789	45,297	143,460	133,812
Restricted	28,058	21,867	215	-	28,273	21,867
Unrestricted (deficit)	21,003	20,414	16,002	15,895	37,005	36,309
Total net position	$ 144,732	$ 130,796	$ 64,006	$ 61,192	$ 208,738	$ 191,989



Governmental Activities Net Position Summary:

- Governmental Activities total net position increased $13,935,877 (10.65%). The increase can be attributed to a substantial increase in cash on hand, receivables (particularly property tax receivables), the addition of a net pension asset for the Illinois Municipal Retirement Fund (IMRF), and added capital assets, as well as a reduction in long term payables.
- Total net assets increased by $25,394,714 (10.37%). The increase in total assets was caused by a significant increase in cash on hand, an increase of more than$10 million in property tax receivables due to the delay of the second installment cook county property tax bills discussed later, and the addition of a net pension asset for IMRF from another year of significant investment returns.
- Total deferred outflows of resources decreased by $4,730,972 (-31.54%). Deferred outflows of resources are consumptions of net assets by the Village that apply to a future reporting period. The decrease is related to a decrease in pension deferred outflows caused by changes in assumptions and differences between assumed and actual results.
- Total deferred inflows of resources increased by $13,484,821 (56.57%). A deferred inflow of resources is an acquisition of net assets by the Village that applies to a future reporting period. The increase is related to an increase in pension deferred inflows caused by changes in assumptions and differences between assumed and actual investment results.
- Total liabilities decreased $6,821,456 (-6.48%) due to a significant decrease in long-term liabilities.
- Long-term Liabilities decreased $20,603,969 (-20.64%) from $99,846,821 to $79,242,852 because pension liabilities decreased substantially in total due to significant investment returns in 2025. Pension liabilities reduced by more than $17 million and IMRF reached over 100% funding to become a net pension asset.
- Short-term accounts payables increased by $13,847,013 because of an increase in property tax receivables due to the pension funds and an increase of over $10 million in TIF surpluses at year end because of the delay in the issuance of the second installment property tax bills.

- ♦ Total unrestricted net position reflected an increase of $224,186. Unrestricted net position increased from $20,778,415 to $21,002,601 at the end of 2025. This is primarily due to the reduction of liabilities and the increase in cash on hand and receivables in governmental activities.

Business-Type Activities Net Position Summary:

- ♦ The total net position for Business-Type Activities increased by $2,813,499 (4.60%) due to an increase in capital assets, and a large decrease in long term liabilities in 2025.
- ♦ Total assets increased $2,676,773 (4.00%) because of the increase in capital assets net of accumulated depreciation of over $2.1 million and the addition of a new pension asset from the Illinois Municipal Retirement Fund (IMRF), which is over 100% funded as of the end of 2025.
- ♦ Total liabilities decreased by $910,255 (-14.58%). A significant decrease in long-term liabilities stems from the elimination of the existing net pension liability for IMRF and the annual paydown of principal on the 2020 series refunding general obligation bonds, which will be paid off completely in 2032.
- ♦ An increase of $619,944 (102.96%) to deferred inflows of resources was a result of an increase in deferred inflows related to the IMRF pension obligation (discussed later).
- ♦ A decrease of $153,585 (-12.97%) to deferred outflows of resources was a direct result of a decrease in deferred outflows of resources by the Illinois Municipal Retirement Fund (IMRF) (discussed later).

Statement of Activities

The Statement of Net position shows the changes in net position from one year to the next. The specific reasons for these changes can be more easily discerned by viewing the Statement of Activities shown in Table 2.

Table 2: Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	$ 8,982	$ 10,974	$ 11,361	$ 10,800	$ 20,343	$ 21,774
Operating grants and contributions	2,224	2,232	-	-	2,224	2,232
Capital grants and contributions	383	520	1,610	-	1,993	520
General Revenue:						
Property taxes	36,446	39,747	-	-	36,446	39,747
Other taxes	21,003	18,427	-	-	21,003	18,427
Intergovernmental	8,795	9,384	-	-	8,795	9,384
Other	5,618	4,641	305	294	5,923	4,934
Total Revenues	83,451	85,924	13,275	11,094	96,726	97,018
Expenses:						
General government	31,123	26,752	-	-	31,123	26,752
Public safety	36,149	37,425	-	-	36,149	37,425
Highways and streets	3,095	6,475	-	-	3,095	6,475
Airport – joint venture	-	-	-	-	-	-
Interest and fees	509	677	-	-	509	677
Water and sewer	-	-	9,101	9,566	9,101	9,566
Total Expenses	70,875	71,328	9,101	9,566	79,976	80,895
Increase (Decrease) in Net Position Before Transfers	12,576	14,595	4,174	1,528	16,750	16,123
Transfers	1,361	124	(1,361)	(124)	-	-
Change in Net Position	**13,937**	**14,719**	**2,813**	**1,403**	**16,750**	**16,123**
Beginning Net Position	130,796	117,354	61,192	59,852	191,988	177,206
Change in accounting principle	-	(885)	-	(63)	-	(949)
Error correction	-	(391)	-	-	-	(391)
Beginning Net Position, Restated	130,796	116,077	61,192	59,789	191,988	175,866
Ending Net Position	**144,732**	**130,796**	**64,006**	**61,192**	**208,738**	**191,989**

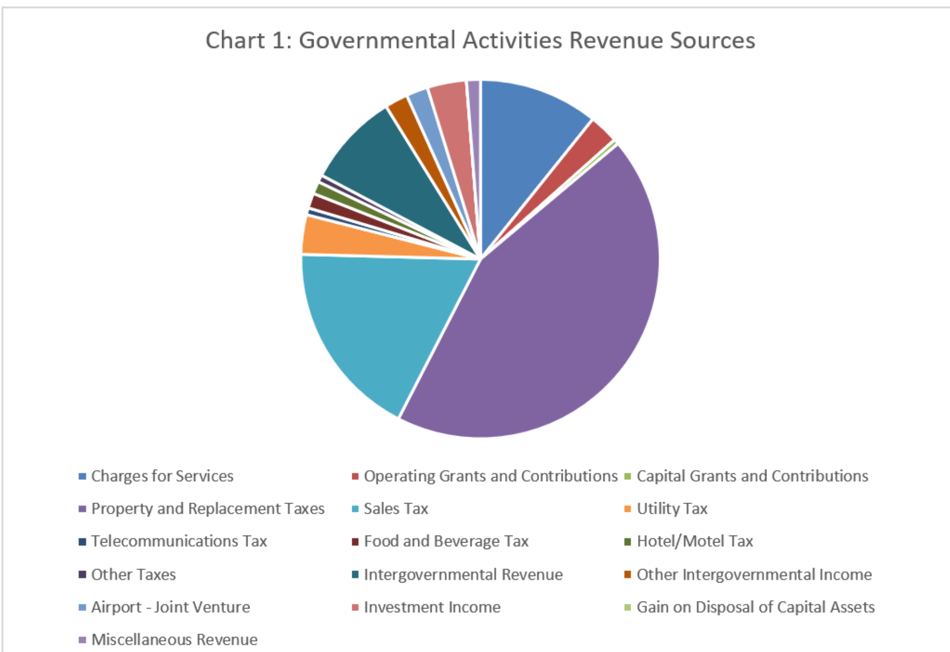
Governmental Statement of Activities Summary:

During the current fiscal year, net position for governmental activities increased by $13,935,877 from last year's net position of $130,796,261 to $144,732,138.

Governmental Activities Revenues

For the fiscal year ended December 31, 2025, revenues from governmental activities totaled $83,451,301, a decrease of $2,472,895 (-2.88%). Property taxes totaled $36,446,466, representing 43.67% of total governmental funds' revenue; sales and use taxes totaled $14,904,575, accounting for 17.86% of revenue; charges for services totaled $8,981,850 representing 10.76% of total governmental activity revenue.

An analysis of the Village's governmental activities revenue sources is presented below in Chart 1.



- Property tax revenue decreased $3,300,822 (-8.31%) from $39,747,288 in fiscal year 2024 to $36.446,466. The Village did not increase the property tax levy for 2025. However, the decrease in property taxes can be attributed to a delay in collection and issuance of the second installment. These funds should ultimately be received in fiscal year 2026.
- The Village's equalized assessed valuation (EAV) increased 2.17% from $1,308,243,839 in Tax Year 2023 to $1,322,907,186 in Tax Year 2024.

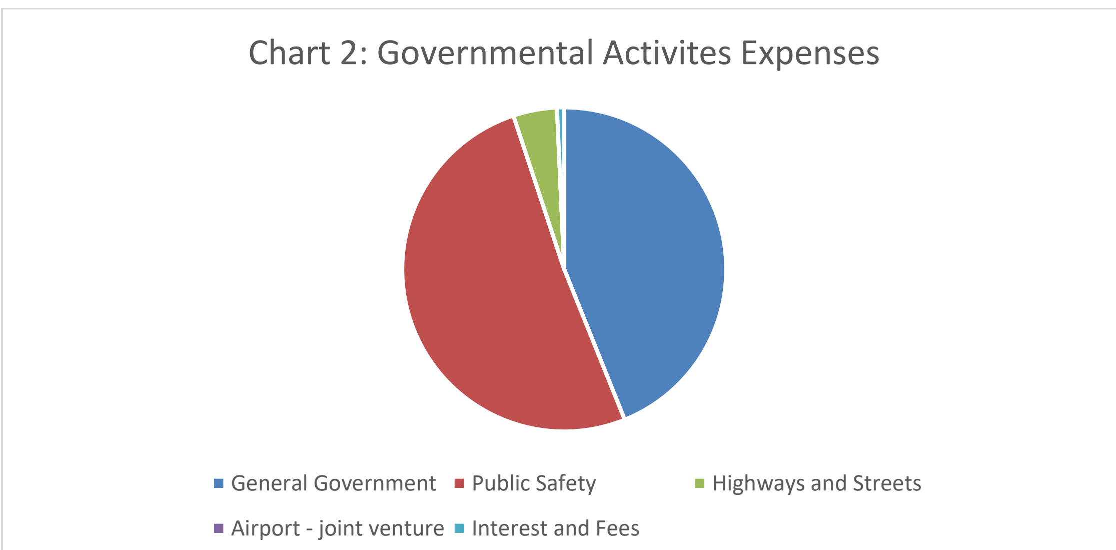
Levy Year	**EAV**
2023	$ 1,308,243,839
2024	$ 1,322,907,186
Increase	$14,663,347
% Increase	1.12%

- Sales tax revenue increased by 18.97% or $2,376,378 for reasons discussed later.
- Income tax revenue increased by 6.20% or $411,876 for reasons discussed later.
- Charges for services decreased by $1,991,893 (-18.15%), because of the closure of the Emergency Telephone System Fund, which provided dispatching services to the City of Des Plaines.
- Other intergovernmental revenues decreased $1,000,423 (-36.55%) because of the migration of State use tax to sales tax because of additional Level-the-Playing-Field Act changes that went into effect January 1st, 2025.
- Miscellaneous income decreased $459,212 (-30.54%) due to a reduction in the increase in the Village's terminal reserve balance of the Intergovernmental Personnel Benefit Cooperative (IPBC) in 2025 and because 2024 included a refund to the Emergency Telephone System Fund of over $150,000 for a dispatching contract that ceased to exist when the dispatching fund was closed.

Governmental Activities Expenses

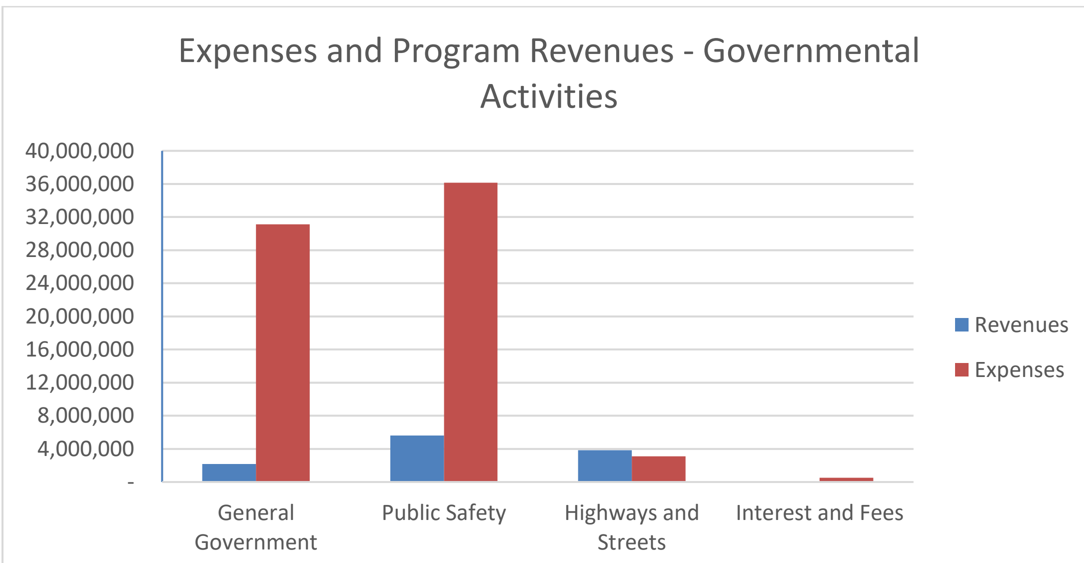
For the fiscal year ended December 31, 2025, expenses from governmental activities totaled $70,876,120. Public Safety and General Government services accounted for 51.00% and 43.91% of all governmental activities' expenses, respectively.

An analysis of the Village's governmental activities expenses by category is presented below in Chart 2.



- General government expenses increased $4,371,848 (16.34%) because of a significant increase in capital outlay and capital improvements. The increases were a result of Dundee Road water main project (Town Center TIF #2) and South Dunhurst storm sewer improvement project (Stormwater Fund) soft costs that were not capitalized.
- Public safety expenses decreased $1,275,621 (-3.41%) due to the closure of the dispatching department. The Village no longer dispatches for itself and the City of Des Plaines. It now contracts out dispatching to Northwest Central Dispatch System.

- Highways and streets expenses decreased $3,380,935 (-52.21%), due to an increase in capitalized projects over the previous year. In 2025, the Village capitalized the South Dunhurst Storm Sewer Phase 2 project for over $2.7 million in addition to a handful of pieces of equipment and vehicles.
- The Liability Insurance Fund saw a decrease before transfers of $161,793 due to a continued increase in workers' compensation claims in the Police and Fire Departments over the last few years. This loss was allocated between general government and public safety expenses. The Village is evaluating their claims management process in an effort to improve claims results.



Business-Type Statement of Activities Summary:

During the current fiscal year, net position for business-type activities increased $2,813,499 (4.60 %) to $64,005,774 from a net position of $61,192,275 at the end of FY 2024.

Business-Type Revenues

- Business-type charges for services increased $560,801 compared to FY 2024. The increase was due to higher water and sewer rates. Water consumption was up almost 15 million gallons in 2025, affecting both water and sewer revenue positively.
- Business-type capital grants and contributions included a $1.6 million capital contribution from the Town Center TIF #2 Fund towards the Dundee watermain and sidewalk project described later.

Business-Type Expenses

- Business-type expenses decreased $465,441 (-4.87%) from the prior year. The decrease was primarily due to the capitalization of over $1.7 million in water/sewer fund expenses to assets in 2025. This reduction in expenses outweighed the annual increase in salaries and benefits that would typically cause an increase year after year in this fund. The capital projects conducted are discussed later in the Capital Assets section.

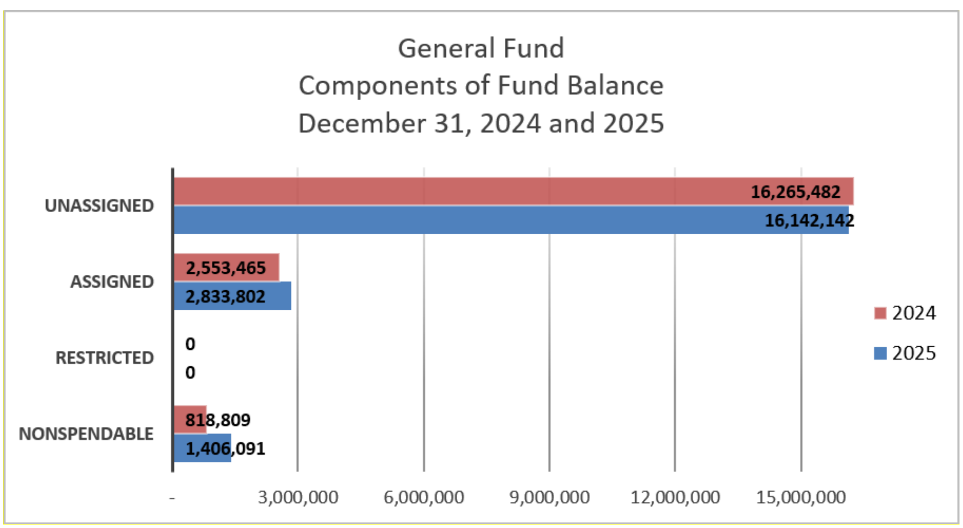
FINANCIAL ANALYSIS OF THE VILLAGE FUNDS

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

Governmental Funds

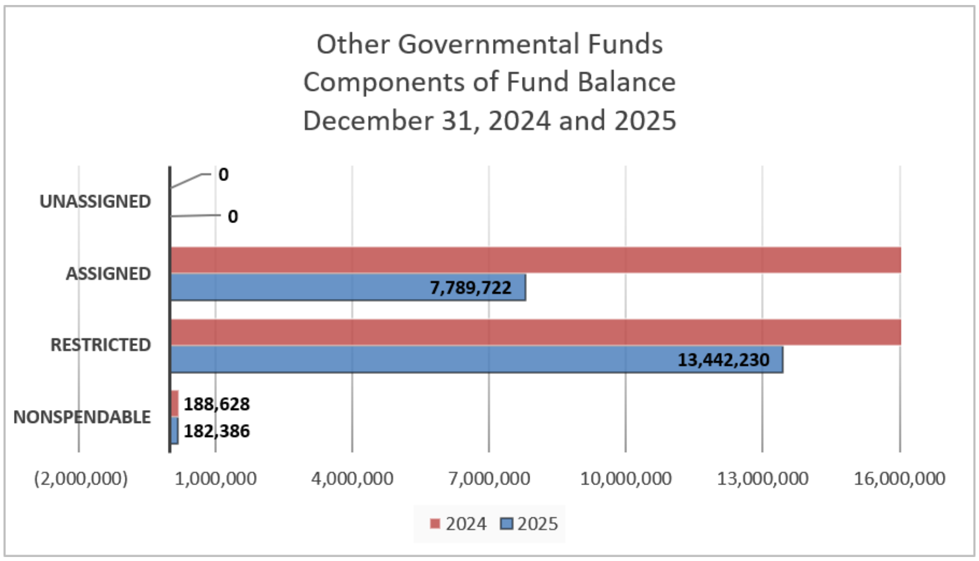
The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the Village of Wheeling itself, or a group or individual that has been delegated authority to assign resources for the use of particular purposes by the Village's Board.

At December 31, 2025, the governmental funds reported a combined fund balance of $65,781,770, an increase of $4,917,315 (8.08%) from the beginning of the year. Approximately 24.54% of this amount ($16,142,142) constitutes *unassigned fund balance*, which is available for spending at the Village's discretion. The remainder of the fund balance is either *nonspendable, restricted, or assigned* to indicate, that it is 1) not available for new spending because it is related to prepaid items and inventory ($1,594,719), 2) legally required to be maintained intact, or restricted, for other purposes such as capital projects, highways and streets, public safety, and economic development ($26,662,651) or 3) assigned ($21,382,258) for capital improvements, capital projects, debt service, or health insurance expenditures.



The General Fund is the Village's primary operating fund and the largest source of funds for day-to-day service delivery. At the end of the current fiscal year, unassigned fund balance of the General Fund was $16,142,142. The total fund balance in the General Fund increased $744,279 (3.79%) from $19,637,756 in fiscal year 2024 to $20,382,035 in fiscal year 2025.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. At December 31, 2025, unassigned fund balance represented approximately 34.96% of total General Fund expenditures, not including other financing sources (uses), while total fund balance represented 44.14% of that same amount. The increase in fund balance is primarily due to increases in sales tax and income tax, as well as savings within the General Fund expenditures budget that are described in detail later.



The Village maintains five separate capital projects funds created to account for the revenues and expenditures related to the Village's Tax Increment Financing (TIF) redevelopment areas. Two of them – the Town Center TIF #2 Fund and the North Milwaukee/Lake Cook Redevelopment Area Fund - were major funds in 2025. The other three TIF Funds combined to reflect a net increase of $3,060,807 (46.44%) in total fund balance, from $6,591,006 to $9,651,813. The increase is due to property taxes and interest revenue generated in the Southeast #2 TIF Fund. The only budgeted expenditures in these TIFs were also in the Southeast #2 TIF Fund, and consisted of site preparation costs for a Milwaukee Avenue watermain and sidewalk project and a reimbursement promised in a redevelopment agreement with Hutton Gas Station.

The Town Center TIF #2 Fund increased $1,514,151 (29.27%) to $6,687,010 in 2025. The increase is largely due to the EAV increase provided by developments like Wheeling Town Center and Uptown 500 within the TIF District, which generated more than $8 million in revenue in 2025. Expenditures of over $6 million in 2025 related to the Dundee Road watermain project, an access road to the Wheeling Park District, a restaurant and retail build-out grant provided to Moretti's, and almost $3.5 million in surpluses sent back to the districts.

The North Milwaukee/Lake Cook Redevelopment Area Fund increased $1,176,627 (21.94%) to $6,539,653 in 2025 and expires at the end of 2026, having completed its' 23-year life cycle. The fund had minor operating costs throughout the year but issued $6 million in surpluses back to the districts. The increase in fund balance can be attributed to the growth in EAV provided by developments, such as the Westin Hotel, that produced almost $7 million in property tax revenue in 2025.

The Village maintains three additional capital projects funds. Of them, only the Capital Equipment Replacement Fund (CERF) was major in 2025. The other two funds – the Capital Projects Fund and the Motor Fuel Tax Fund – combined to reflect a net decrease of $799,862 (-7.37%). These funds provide funding for infrastructure and non-infrastructure needs, including public streets, sidewalks, and building improvements. The number of resources the Village allocates to capital projects fluctuates yearly based on the Village's multi-year Capital Improvement Plan (CIP). Consequently, significant increases or decreases from one year to the next are expected and do not indicate a financial problem. The 2025 decrease in combined fund balance of these funds is due to expenditures budgeted to exceed revenues, which included: the annual motor fuel tax road program, the roof replacement program, a fiber optic link from Village Hall to station #42, Village Hall parking lot improvements, and the purchase of an emergency generator.

The CERF was created to account for transfers and advances from other funds to pay for the eventual replacement of vehicles and equipment. During the year, the CERF fund balance decreased $576,881 (-5.09%) to $10,758,734. The number of resources the Village allocates to vehicle and equipment purchases fluctuates yearly based on the Village's multi-year capital equipment replacement plan. The 2025 decrease in fund balance is due to a budgeted decrease to meet a larger than normal replacement year for vehicles and equipment. These purchases are described further in the capital assets section of the Management Discussion & Analysis.

Proprietary Funds

Proprietary Funds are sometimes referred to as *business-type* funds of a local government. The Village maintains two separate proprietary funds. The Waterworks and Sewerage Fund is an enterprise fund used to account for the acquisition, operations, and maintenance of Waterworks and Sewerage facilities and services and is predominantly self-supporting through user charges. The Liability Insurance Fund is an internal service fund that accounts for assets associated with funding the Village's liability insurance.

At December 31, 2025, total net position of the Waterworks and Sewerage Fund increased $2,813,499 (4.66%) to $64,005,774. Of that total, $47,788,889 represents the Village's net investment in capital assets, $214,614 is restricted for pension (related to the IMRF net pension asset), and the remaining $16,002,271 represents unrestricted net position. Expenses included water main replacements, installation of a debris drying bed, sewer lining costs, and ordinary operating expenses.

At December 31, 2025, unrestricted net position of the Liability Insurance Fund decreased $161,793 (-3.8%) due to the continuation of elevated worker's compensation claim reimbursements. The total net position accumulated to pay liability insurance premiums and claims was $4,094,868 at fiscal year-end.

Total net position for the two proprietary funds increased $2,651,706 (4.15%) from $65,448,936 to $68,100,642 at December 31, 2025.

General Fund Budgetary Highlights

Original budget compared to the final budget. During the year, there was one amendment to increase the original General Fund budgeted appropriation. The amendment distributed $850,000 in surplus revenue between the Village's Police Pension and Fire Pension defined benefit plans and it transferred $1,200,000 to the Village's Capital Projects Fund to fund debt payments and future construction projects.

Fund Budget compared to actual results. The most significant differences between budgeted and actual revenues were as follows:

Revenue Source	Budgeted Revenues	Actual Revenues	Difference	% Difference
Property Tax	14,703,604	14,356,142	(347,462)	-2.36%
Sales tax	7,166,700	8,576,487	1,409,787	19.67%
Home rule sales tax	5,534,700	6,328,088	793,388	14.33%
Income tax	6,884,590	7,058,136	173,546	2.52%
State use tax	1,012,866	351,103	(661,763)	-65.34%
Ambulance fees	3,450,000	3,670,158	220,158	6.38%

- Sales tax (19.67%) and home rule sales tax (14.33%) were $2,203,175 more than budgeted for 2025. The difference can be attributed to two main factors: 1) by the revenue sources growing more than anticipated by Village staff in 2025 and 2) additional Level-The-Playing-Field Act changes went into place January 1, 2025, that migrated additional State use tax into the sales tax accounts. Sales tax and home rule sales tax increased by over $2.9 million combined from 2021 to 2024 and increased an additional $2.3 million in 2025. This historic increase allowed the Village Board to continue to fund capital projects and the pension funds with surplus out of the General Fund without incremental property tax increases.

- Income tax receipts (2.52%) were $173,546 over budget and $411,876 more than the previous year. The high-income tax receipts are attributable to strong corporate earnings, higher wages, and low unemployment.

- Property tax collections (-2.36%) lagged the 2025 budget by $347,462 due to the delay of the second installment 2024 property tax bills at the Cook County Assessor's office. Due to the overhaul of the technological backbone of the Cook County property tax system, the bills were not mailed until mid-November, leading to portions of the 2024 levy not being collected after year end within the 60-day property tax window.

- State use tax lagged the budget by $661,763 (-65.34%). Additional level-the-playing field changes went into effect on January 1, 2025, that severely reduced this revenue source and increased sales tax receipts for fiscal year 2025 and future years.

- Ambulance fees (6.38%) were $220,158 over budget due to the correction of several billing errors made by the third-party ambulance billing service in the prior year. 1) The company failed to bill at the new 2024 rates for most of the fiscal year and 2) the Ground Emergency Medical Transportation (GEMT) program billed at half the applicable GEMT rate due to an error in their system. All of 2024 was rebilled by the third-party ambulance company in 2025 for approximately $950,000 of additional revenue. However, Medicaid collections continued to decline leading the Village Board to increase ambulance rates for 2026 to offset the decline.

The most significant differences between budgeted and actual expenditures were as follows:

Expenditure Type	Budgeted Expenditures	Actual Expenditures	Difference	% Difference
Village Manager's office and Board of Trustees	2,529,713	2,041,719	(487,994)	-19.29%
Police Department	16,513,984	16,252,304	(261,680)	-1.58%
Fire Department	16,374,552	16,426,347	51,795	0.32%
Capital Outlay	-	614,999	614,999	N/A

- Village Manager's office and Board of Trustees Department expenditures (-19.29%) were $487,994 less than anticipated due to the delay of the Special Census. These costs will be realized in fiscal year 2026 when the Special Census is scheduled to resume. The Census is expected to increase the Village's population count and its' share of local government distributive fund revenues from the State.

- Personnel costs in the Fire Department were greater than anticipated due to overtime costs related to workers' compensation injuries and payouts to sick leave deferred payment accounts for several retirements.

- Police Department expenditures were less than budgeted due to savings realized from an agreement to lease the former dispatching center to Northwest Central Dispatch for a reduction in dispatching fees and a transfer of over $40,000 in expenditures to the 911 Fund to close out the fund at the end of 2025.

- Over $600,000 of additional Police Department expenditures related to purchased social services software was moved from the Police Department into the Capital Outlay line in the fund financial statement.

Capital Assets and Debt Administration

Capital assets. The Village's total investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounted to $162,209,057. The investment in capital assets includes land, stormwater credits, buildings, equipment, underground distribution and collection systems, infrastructure, and construction work in progress.

Table 3: Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 22,823,102	$ 22,823,102	$567,510	$567,510	$23,390,612	$23,390,612
Intangible assets - stormwater credits	1,900,840	1,900,840	-	-	1,900,840	1,900,840
Land right of way	11,636,077	11,636,077	-	-	11,636,077	11,636,077
Buildings & Improvements	67,817,386	66,734,854	-	-	67,817,386	66,734,854
Vehicles, equipment, & furniture	21,199,505	19,044,219	4,782,650	4,425,415	25,982,155	23,469,634
Infrastructure	49,247,307	49,247,307	-	-	49,247,307	49,247,307
Water System Improvements	-	-	58,066,881	54,720,448	58,066,881	54,720,448
Sewer System Improvements	-	-	20,789,398	20,789,398	20,789,398	20,789,398
Intangible assets being amortized	854,538	298,474	283,603	283,603	1,138,141	582,077
Construction in progress	4,988,516	2,007,379	-	-	4,988,516	2,007,379
Total Capital Assets	180,467,271	173,692,252	$84,490,042	$80,786,374	264,957,313	254,478,626
Less: Accumulated depreciation	(67,459,460)	(64,595,551)	(34,877,027)	(33,374,642)	(102,336,487)	(97,970,193)
Less: Accumulated amortization	(245,315)	(137,023)	(166,454)	(110,222)	(411,769)	(247,245)
Total	112,762,496	108,959,678	49,446,561	47,301,510	162,209,057	156,261,188

Major capital asset events during the current fiscal year included the following:

- The Village continued its laddered capital equipment replacement program. The Police Department purchased 6 Ford Police Interceptor SUVs, a Ford Explorer, a Dodge Grand Caravan, an electric UTV, and a Ford Explorer. The Fire Department purchased 1 Crimson engine, 2 Freightliner Ambulances, a Pierce rescue fire apparatus, a UPS replacement for Station 44, a Holmatro extrication tool set and 4 Zoll defibrillators. The IT Department replaced the Village Message Board with a larger, more up to date version and completed an upgrade to the Cisco phone system. Public Works purchased a Vortex Attenuator trailer, a five-ton dump truck, and a skid steer loader for the Streets Division and a Morback chipper for the Forestry Division. Public Works also purchased a case end loader and a new televising truck for the Water and Sewer divisions.
- The Village began work on Phase II of the South Dunhurst storm sewer project. The detention pond is complete and north of Mark Twain Elementary School. Additional storm sewer will be installed out to E. Merle Lane.
- The Village began work on a fiber optics link between Village Hall and Station 42.
- The Water and Sewerage Fund concluded $3.7m of work on replacement watermain along Dundee Road. $1.6m of the work was run through the Town Center II TIF Fund. The project included installation of approximately 4,300 lineal feet of polyvinylchloride (PVC) water main pipe.
- The Water and Sewerage Fund completed work on a debris drying bed at the Village's Public Works facility. The debris drying bed will allow the Public Works Department to haul material to an offsite dumping facility in a cleaner operation by drying out the material before transferring it to bins.

Additional information on the Village's capital assets can be found in Note 4 on pages 39-41 of this report.

Long-term Debt. The Village is a home-rule community with no legal debt limit. In November 2021, Standard and Poor's affirmed the Village's AA bond rating. The Village did not receive an updated bond rating in 2025.

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Bonds and Notes Payable						
General obligation bonds	$ 15,390,000	$ 18,510,000	$ 1,435,000	$ 1,615,000	$ 16,825,000	$ 20,125,000
Tax Increment Revenue Note	-	998,891	-	-	-	998,891
Premium on bonds payable	589,492	865,527	70,446	84,536	659,938	950,063
Other liabilities						
Asset retirement obligation	-	-	260,000	230,000	260,000	230,000
IEPA loan payable	-	-	-	-	-	-
Vested compensated absences	3,725,031	3,665,016	252,928	243,608	3,977,959	3,908,624
Insurance claims payable	1,010,517	1,114,791	-	-	1,010,517	1,114,791
Lease Liabilities	108,347	124,028	-	-	108,347	124,028
SBITA Liabilities	519,575	47,037	130,134	186,872	649,709	233,909
Net pension liability - IMRF	-	3,645,505	-	643,324	-	4,288,829
Net pension liability - police pension	19,448,964	27,041,853	-	-	19,448,964	27,041,853
Net pension liability - fire pension	22,424,431	28,354,182	-	-	22,424,431	28,354,182
Other post employment benefits	16,026,495	15,479,991	2,828,205	2,731,762	18,854,700	18,211,753
Total	79,242,852	99,846,821	4,976,713	5,735,102	84,219,565	105,581,923

As of December 31, 2025, the other post-employment benefits (OPEB) liability increased $642,947 (3.53%). The liability increased because the interest on the total liability and the annual service cost are more than the benefit payments made during the year. The Village pays for the OPEB liability on a pay-as-you-go basis.

The Village's net pension liability decreased $17,811,469 (-29.84%) in 2025. Annual changes to the net pension liability can be volatile. The decrease in 2025 was due to strong investment performance, with all three pension funds recording investment gains of more than 14 percent.

The Fire Pension net pension liability decreased $5,929,751 (-20.91%) in 2025. The decrease was mainly due to strong investment performance. The fund recorded investment income of 17.56% compared to the assumed rate of 7.25%.

The Police Pension net pension liability decreased $7,592,889 (-28.08%) in 2025. The decrease was mainly due to strong investment performance. The fund recorded investment income of 17.79% compared to the assumed rate of 7.25%.

The IMRF net pension liability decreased $4,288,829 (-100%) in 2025. The decrease resulted from strong investment performance. The fund recorded investment income of 14.7% compared to the assumed rate of 7.25%. In addition, a net pension asset was recorded for IMRF, totaling $1,430,761, as the pension is over 100% funded.

The Village Board did not pass a formal funding policy with the adoption of GASB pronouncement 68, instead opting to pass a General Fund surplus policy that requires the Village Board to consider contributing General Fund surpluses to the three defined benefit plans. More information on the Village's defined benefit pension plans can be found in Note 14 on pages 64-83 of this report.

At the end of FY 2025, the Village had total bonded debt outstanding of $16,825,000, which was backed by the full faith and credit of the government. Of the $16,825,000 debt outstanding, however, only $15,390,000 is supported by the Village's property tax levy and sales tax revenue. The remaining debt ($1,435,000) is supported by water and sewer fees.

During the current fiscal year, the Village retired $3,120,000 of general bond principal and $180,000 of water and sewer funded debt. The Village has no plans to issue new general obligation debt in the next few years.

In 2023, the Village issued a new TIF note ($4,500,000) to Uptown 500, LLC, in accordance with a redevelopment agreement. The Village made payments of $1,024,928 on the Uptown 500 TIF in 2025 to pay off the note. The note was issued to developers for economic development purposes. Principal and interest payments on the notes are made using property tax increment generated by the Village's TIF districts.

Additional information on the Village's long-term debt can be found in Note 5 on pages 41-47 of this report.

Economic factors and next year's budget

The Village considered the following economic and budgetary factors in developing the 2026 fiscal year budget:

- The Village Board increased the property tax levy for 2025 by 2.00%. Despite significant growth in sales tax, income tax, and ambulance services in the past few years, incremental increases in the property tax levy are necessary to avoid future deficits.
- The Village Board enacted a streaming tax to offset declining telecommunication tax and cable franchise fees the village relies on to cover the costs of maintaining public rights-of-way used for cable lines and repeater stations to deliver entertainment. The tax is expected to generate around $350,000 annually.
- The Village Board decided to increase resident and non-resident rates to equal the current Ground Emergency Medical Transportation rate to offset declining Medicaid revenue related to ambulance billing. The change is expected to generate an additional $650,000 annually.
- While staff carefully reviewed the Target level budget for opportunities to reduce expenditures, the budget maintains core services at current levels and is essentially a status-quo spending plan reflecting no significant service-level changes.
- The Village's current contract with its' Public Works Union expires in April 2028. The Fire and Police Union contracts go through April 30, 2027, except for the nonsworn Police union's contract. The nonsworn's contract expires April 30, 2028.
- Staff recommended, and the Board approved a 3.50 percent increase in water and sewer rates effective January 1, 2026. The increase was necessary to offset an annual increase in capital spending for the foreseeable future that evolved from a water and sewer infrastructure study performed by the Public Works Department.
- The Board approved a 25-cent increase (5.88%) in stormwater fees effective January 1, 2026. The increase was necessary to fund future stormwater projects and will generate over $90,000 in new revenue for the Stormwater Fund annually.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Village's finances and demonstrate its accountability for the money it receives. Please direct questions concerning this report or requests for additional financial information to R. Brian Smith, Finance Director, Village of Wheeling, 2 Community Boulevard, Wheeling, Illinois 60090.

BASIC FINANCIAL STATEMENTS

VILLAGE OF WHEELING, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 65,586,848	$ 6,974,475	$ 72,561,323
Receivables (net, where applicable, of allowance for uncollectibles)			
Property taxes	31,547,372	-	31,547,372
Sales taxes	4,365,960	-	4,365,960
Local use taxes	122,997	-	122,997
Telecommunications tax	126,740	-	126,740
Accounts	480,566	2,384,864	2,865,430
Leases	1,123,242	-	1,123,242
Accrued interest	211,866	16,947	228,813
IPBC	2,833,802	196,868	3,030,670
Other	1,709,476	14,665	1,724,141
Prepaid expenses	1,105,365	24,768	1,130,133
Inventory	518,727	464,155	982,882
Due from other governments	246,383	-	246,383
Internal balances	(1,017,640)	1,017,640	-
Investment in joint venture	47,388,772	8,772,925	56,161,697
Capital assets not being depreciated	41,348,535	567,510	41,916,045
Capital assets being depreciated/amortized, net of accumulated depreciation/amortization	71,413,961	48,879,051	120,293,012
Net pension asset - IMRF	1,216,147	214,614	1,430,761
Total assets	270,329,119	69,528,482	339,857,601
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - Police Pension	1,922,557	-	1,922,557
Pension items - Firefighters' Pension	3,750,530	-	3,750,530
Pension items - IMRF	1,483,315	261,762	1,745,077
Deferred outflows of resources - ARO	-	234,722	234,722
Deferred outflows of resources - OPEB	3,025,207	533,860	3,559,067
Unamortized loss on refunding	87,049	-	87,049
Total deferred outflows of resources	10,268,658	1,030,344	11,299,002
Total assets and deferred outflows of resources	280,597,777	70,558,826	351,156,603

(This statement is continued on the following page.)

VILLAGE OF WHEELING, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2025

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 14,504,657	$ 190,820	$ 14,695,477
Accrued payroll	837,683	60,799	898,482
Deposits payable	60,315	65,211	125,526
Unearned revenue	306,254	34,791	341,045
Due to fiduciary funds	3,539,452	-	3,539,452
Interest payable	51,881	2,676	54,557
Long-term liabilities			
Due within one year	6,399,413	469,919	6,869,332
Due in more than one year	72,843,439	4,506,794	77,350,233
Total liabilities	98,543,094	5,331,010	103,874,104
DEFERRED INFLOWS OF RESOURCES			
Leases	1,056,815	-	1,056,815
Pension items - Police Pension	5,887,387	-	5,887,387
Pension items - Firefighters' Pension	5,702,031	-	5,702,031
Pension items - IMRF	3,666,577	647,043	4,313,620
Unamortized gain on refunding	-	3,171	3,171
Deferred inflows of resources - OPEB	3,240,362	571,828	3,812,190
Deferred revenue - property taxes	17,769,373	-	17,769,373
Total deferred inflows of resources	37,322,545	1,222,042	38,544,587
Total liabilities and deferred inflows of resources	135,865,639	6,553,052	142,418,691
NET POSITION			
Net investment in capital assets	95,671,558	47,788,889	143,460,447
Restricted for			
Stormwater improvements	871,966	-	871,966
Highways and streets	2,842,202	-	2,842,202
Public safety	258,201	-	258,201
Economic development	22,869,463	-	22,869,463
Pension	1,216,147	214,614	1,430,761
Unrestricted	21,002,601	16,002,271	37,004,872
TOTAL NET POSITION	$ 144,732,138	$ 64,005,774	$ 208,737,912

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
FUNCTIONS/PROGRAMS				
PRIMARY GOVERNMENT				
Governmental Activities				
General government	$ 31,123,501	$ 2,161,171	$ -	$ -
Public safety	36,148,990	5,167,993	437,392	-
Highways and streets	3,094,516	1,652,686	1,786,728	383,039
Interest and fees	509,113	-	-	-
Total governmental activities	70,876,120	8,981,850	2,224,120	383,039
Business-Type Activities				
Water and sewer	9,100,780	11,360,846	-	1,609,530
Total business-type activities	9,100,780	11,360,846	-	1,609,530
TOTAL PRIMARY GOVERNMENT	$ 79,976,900	$ 20,342,696	$ 2,224,120	$ 1,992,569

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	$ (28,962,330)	$ -	$ (28,962,330)
	(30,543,605)	-	(30,543,605)
	727,937	-	727,937
	(509,113)	-	(509,113)
	(59,287,111)	-	(59,287,111)
	-	3,869,596	3,869,596
	-	3,869,596	3,869,596
	(59,287,111)	3,869,596	(55,417,515)
General Revenues			
Taxes			
Property	36,446,466	-	36,446,466
Sales	14,904,575	-	14,904,575
Utility	2,970,479	-	2,970,479
Telecommunications	518,644	-	518,644
Food and beverage	1,131,245	-	1,131,245
Hotel/motel	938,440	-	938,440
Other	539,131	-	539,131
Intergovernmental			
Income	7,058,136	-	7,058,136
Other	1,737,022	-	1,737,022
Airport - joint venture	1,634,266	-	1,634,266
Investment income	2,939,511	254,599	3,194,110
Gain on disposal of capital assets	-	50,000	50,000
Miscellaneous	1,044,377	-	1,044,377
Transfers in (out)	1,360,696	(1,360,696)	-
Total	73,222,988	(1,056,097)	72,166,891
CHANGE IN NET POSITION	13,935,877	2,813,499	16,749,376
NET POSITION, JANUARY 1	130,796,261	61,192,275	191,988,536
NET POSITION, DECEMBER 31	$ 144,732,138	$ 64,005,774	$ 208,737,912

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET

December 31, 2025

	General	Capital Equipment Replacement	Town Center TIF #2
ASSETS			
Cash and investments	$ 13,034,690	$ 11,814,241	$ 6,642,860
Receivables (net, where applicable, of allowance for uncollectibles)			
Property taxes	19,510,285	-	3,635,933
Sales taxes	4,365,960	-	-
Local use taxes	122,997	-	-
Telecommunications tax	126,740	-	-
Accounts	-	-	-
Leases	1,123,242	-	-
Accrued interest	78,017	51,718	2,475
IPBC	2,833,802	-	-
Other	1,364,232	-	-
Prepaid items	1,059,549	-	3,471
Inventory	346,542	-	-
Due from other funds	48,850	-	-
Due from other governments	-	-	-
TOTAL ASSETS	$ 44,014,906	$ 11,865,959	$ 10,284,739

North Milwaukee/ Lake Cook Redevelopment Area	Nonmajor Governmental	Total Governmental
$ 9,208,802	$ 19,948,917	$ 60,649,510
3,331,406	5,069,748	31,547,372
-	-	4,365,960
-	-	122,997
-	-	126,740
-	331,346	331,346
-	-	1,123,242
19,287	45,304	196,801
-	-	2,833,802
-	345,244	1,709,476
2,771	10,201	1,075,992
-	172,185	518,727
-	1,200,000	1,248,850
-	246,383	246,383
$ 12,562,266	$ 27,369,328	$ 106,097,198

(This statement is continued on the following pages.)

VILLAGE OF WHEELING, ILLINOIS

GOVERNMENTAL FUNDS

BALANCE SHEET (Continued)

December 31, 2025

	General	Capital Equipment Replacement	Town Center TIF #2
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 1,751,550	$ 89,585	$ 3,596,735
Accrued payroll	812,816	-	994
Deposits payable	60,315	-	-
Unearned revenue	301,400	-	-
Due to other funds	1,200,000	-	-
Due to fiduciary funds	3,539,452	-	-
Advance from other funds	-	1,017,640	-
Total liabilities	7,665,533	1,107,225	3,597,729
DEFERRED INFLOWS OF RESOURCES			
Leases	1,056,815	-	-
Unavailable revenue - property taxes	14,910,523	-	-
Total deferred inflows of resources	15,967,338	-	-
Total liabilities and deferred inflows of resources	23,632,871	1,107,225	3,597,729
FUND BALANCES			
Nonspendable			
Prepaid items	1,059,549	-	3,471
Inventory	346,542	-	-
Restricted			
Stormwater improvements	-	-	-
Highways and streets	-	-	-
Public safety	-	-	-
Economic development	-	-	6,683,539
Assigned			
Health insurance	2,833,802	-	-
Capital improvements	-	10,758,734	-
Capital projects	-	-	-
Debt service	-	-	-
Unassigned, reported in General Fund	16,142,142	-	-
Total fund balances	20,382,035	10,758,734	6,687,010
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 44,014,906	$ 11,865,959	$ 10,284,739

North Milwaukee/ Lake Cook Redevelopment Area	Nonmajor Governmental	Total Governmental
$ 6,021,619	$ 3,019,557	$ 14,479,046
994	22,879	837,683
-	-	60,315
-	4,854	306,254
-	48,850	1,248,850
-	-	3,539,452
-	-	1,017,640
6,022,613	3,096,140	21,489,240
-	-	1,056,815
-	2,858,850	17,769,373
-	2,858,850	18,826,188
6,022,613	5,954,990	40,315,428
2,771	10,201	1,075,992
-	172,185	518,727
-	871,966	871,966
-	2,670,017	2,670,017
-	251,205	251,205
6,536,882	9,649,042	22,869,463
-	-	2,833,802
-	-	10,758,734
-	7,448,299	7,448,299
-	341,423	341,423
-	-	16,142,142
6,539,653	21,414,338	65,781,770
$ 12,562,266	$ 27,369,328	$ 106,097,198

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2025

FUND BALANCES OF GOVERNMENTAL FUNDS	$ 65,781,770
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 governmental funds	112,762,496
Net pension assets (IMRF) are not financial resources and, therefore, are not reported in the governmental funds	1,216,147
Investments in joint ventures used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	47,388,772
The loss on refunding of bonds is capitalized and amortized over the life of the bonds on the statement of net position	87,049
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Police Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	(3,964,830)
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Firefighters' Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position	(1,951,501)
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	(2,183,262)
Differences between expected and actual experiences, assumption changes, and net difference between projected and actual earnings for the other postemployment benefit plan are recognized as deferred outflows and inflows of resources on the statement of net position	(215,155)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds	(15,390,000)
Net pension liability - Police Pension	(19,448,964)
Net pension liability - Firefighters' Pension	(22,424,431)
Premium on bonds payable	(589,492)
Lease payable	(108,347)
SBITA payable	(519,575)
Compensated absences payable	(3,725,031)
Other postemployment benefit liability	(16,026,495)
Accrued interest on long-term liabilities is reported as a liability on the statement of net position	(51,881)
The net position of the Internal Service Fund is included in the governmental activities in the statement of net position	4,094,868
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 144,732,138

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2025

	General	Capital Equipment Replacement	(Formerly Major) Capital Projects
REVENUES			
Taxes	$ 32,508,442	$ -	$ -
Licenses and permits	1,111,173	-	-
Intergovernmental	8,970,962	-	-
Charges for services	5,855,997	-	-
Fines and forfeits	973,451	-	-
Investment income	680,495	525,051	-
Miscellaneous	902,099	-	-
Total revenues	51,002,619	525,051	-
EXPENDITURES			
Current			
General government	12,712,845	-	-
Public safety	32,678,651	-	-
Highways and streets	-	-	-
Capital outlay	614,999	3,464,162	-
Capital improvements	-	-	-
Debt service			
Principal	152,252	-	-
Interest and fiscal charges	16,521	-	-
Total expenditures	46,175,268	3,464,162	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,827,351	(2,939,111)	-
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	87,379	-	-
SBITA issuance	609,109	-	-
Transfers in	-	2,408,140	-
Transfers (out)	(4,779,560)	(45,910)	-
Total other financing sources (uses)	(4,083,072)	2,362,230	-
NET CHANGE IN FUND BALANCES	744,279	(576,881)	-
FUND BALANCES, JANUARY 1	19,637,756	11,335,615	8,022,031
Change in financial reporting entity	-	-	(8,022,031)
FUND BALANCES, JANUARY 1, RESTATED	19,637,756	11,335,615	-
FUND BALANCES, DECEMBER 31	$ 20,382,035	$ 10,758,734	$ -

Town Center TIF #2	(Formerly Nonmajor) North Milwaukee/ Lake Cook Redevelopment Area	(Formerly Major) Debt Service	Nonmajor Governmental	Total Governmental
$ 8,145,308	$ 6,963,829	$ -	$ 9,366,913	$ 56,984,492
-	-	-	-	1,111,173
-	-	-	2,482,172	11,453,134
-	-	-	1,454,900	7,310,897
-	-	-	-	973,451
342,043	384,042	-	1,007,880	2,939,511
-	-	-	142,278	1,044,377
8,487,351	7,347,871	-	14,454,143	81,817,035
3,998,290	6,112,249	-	917,634	23,741,018
-	-	-	701,425	33,380,076
-	-	-	2,382,234	2,382,234
91,154	-	-	1,608,482	5,778,797
1,857,628	58,678	-	6,710,380	8,626,686
1,024,928	-	-	3,120,000	4,297,180
1,200	317	-	732,875	750,913
6,973,200	6,171,244	-	16,173,030	78,956,904
1,514,151	1,176,627	-	(1,718,887)	2,860,131
-	-	-	-	87,379
-	-	-	-	609,109
-	-	-	5,190,170	7,598,310
-	-	-	(1,412,144)	(6,237,614)
-	-	-	3,778,026	2,057,184
1,514,151	1,176,627	-	2,059,139	4,917,315
5,172,859	-	365,059	16,331,135	60,864,455
-	5,363,026	(365,059)	3,024,064	-
5,172,859	5,363,026	-	19,355,199	60,864,455
$ 6,687,010	$ 6,539,653	$ -	$ 21,414,338	$ 65,781,770

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$ 4,917,315
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized on the statement of net position and depreciated and amortized on the statement of activities	8,738,237
Depreciation and amortization expense does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(4,569,705)
Proceeds from the disposal of capital assets are recognized in governmental funds but the loss is recognized on the statement of activities	(365,714)
The change in equity of joint venture is reported on the statement of activities	1,634,266
The issuance of long-term debt and related costs is shown on the fund financial statements as other financing sources but is recorded as a long-term liability on the government-wide statements SBITA liabilities	(609,109)
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding on the statement of net position	4,297,180
Amortization of premium on bonds is reported as a reduction of interest expense on the statement of activities	276,035
Amortization of the loss on refunding is reported as interest expense on the statement of activities	(17,409)
Accretion of bonds is reported as interest expense on the statement of activities	(26,037)
The decrease of accrued interest payable is shown as an decrease of expense on the statement of activities	9,211
The change in compensated absences payable is shown as an increase of the statement of activities	(60,015)
The change in the other postemployment benefit liability, deferred outflows and inflows of resources	(360,714)
The change in the Police Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resource	(63,917)
The change in the Firefighters' Pension Fund net pension liability and deferred outflows/inflows of resources is not a source or use of a financial resource	156,185
The change in the Illinois Municipal Retirement Fund net pension liability/asset and deferred outflows/inflows of resources is not a source or use of a financial resource	141,861
The change in net position of Internal Service Funds is reported in governmental activities	(161,793)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 13,935,877

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

December 31, 2025

	Business-Type Activities Waterworks and Sewerage	Governmental Activities Internal Service
CURRENT ASSETS		
Cash and investments	$ 6,974,475	$ 4,937,338
Receivables (net, where applicable, of allowance for uncollectibles)		
Accounts	2,384,864	149,220
Accrued interest	16,947	15,065
IPBC	196,868	-
Other	14,665	-
Prepaid expenses	24,768	29,373
Inventory	464,155	-
Total current assets	10,076,742	5,130,996
NONCURRENT ASSETS		
Investment in joint ventures	8,772,925	-
Tangible and intangible capital assets		
Assets not being depreciated	567,510	-
Assets being depreciated and amortized		
Cost	83,922,532	-
Accumulated depreciation and amortization	(35,043,481)	-
Net capital assets being depreciated and amortized	48,879,051	-
Net capital assets	49,446,561	-
Advances to other funds	1,017,640	-
Net pension asset - IMRF	214,614	-
Total noncurrent assets	59,451,740	-
Total assets	69,528,482	5,130,996
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - ARO	234,722	-
Deferred outflows of resources - OPEB	533,860	-
Pension items - IMRF	261,762	-
Total deferred outflows of resources	1,030,344	-
Total assets and deferred outflows of resources	70,558,826	5,130,996

(This statement is continued on the following page.)

VILLAGE OF WHEELING, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION (Continued)

December 31, 2025

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
CURRENT LIABILITIES		
Accounts payable	$ 190,820	$ 25,611
Accrued payroll	60,799	-
Compensated absences payable	113,818	-
Deposits payable	65,211	-
Unearned revenue	34,791	-
Interest payable	2,676	-
Other postemployment benefit liability	133,789	-
SBITA liability	32,312	-
Bonds payable	190,000	-
Claims payable	-	505,259
Total current liabilities	824,216	530,870
NONCURRENT LIABILITIES		
Claims payable	-	505,258
General obligation bonds payable (less current portion)	1,315,446	-
Compensated absences payable (less current portion)	139,110	-
SBITA liability (less current portion)	97,822	-
Asset retirement obligation (ARO)	260,000	-
Other postemployment benefit liability (less current portion)	2,694,416	-
Total noncurrent liabilities	4,506,794	505,258
Total liabilities	5,331,010	1,036,128
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - OPEB	571,828	-
Unamortized gain on refunding	3,171	-
Pension items - IMRF	647,043	-
Total deferred inflows of resources	1,222,042	-
Total liabilities and deferred inflows of resources	6,553,052	1,036,128
NET POSITION		
Net investment in capital assets	47,788,889	-
Restricted for pension	214,614	-
Unrestricted	16,002,271	4,094,868
TOTAL NET POSITION	$ 64,005,774	$ 4,094,868

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended December 31, 2025

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
OPERATING REVENUES		
Charges for services		
Water sales and sewer charges	$ 10,866,998	$ -
Connection fees	58,466	-
Meter sales	13,542	-
Liability insurance charges	-	1,713,240
Other	421,840	-
Total operating revenues	11,360,846	1,713,240
OPERATING EXPENSES EXCLUDING DEPRECIATION		
Waterworks division	5,284,102	-
Sewer division	1,817,783	-
Water and sewer capital division	583,299	-
Insurance and claims	-	2,084,341
Total operating expenses excluding depreciation	7,685,184	2,084,341
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	3,675,662	(371,101)
DEPRECIATION AND AMORTIZATION	1,734,303	-
OPERATING INCOME (LOSS)	1,941,359	(371,101)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	254,599	209,308
Interest expense and fees	(25,708)	-
Gain (loss) on disposal of capital assets	50,000	-
Increase in joint venture	344,415	-
Total non-operating revenues (expenses)	623,306	209,308
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	2,564,665	(161,793)

(This statement is continued on the following page.)

VILLAGE OF WHEELING, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION (Continued)

For the Year Ended December 31, 2025

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	**Internal Service**
TRANSFERS		
Transfers in	$ 389,304	$ -
Transfers (out)	(1,750,000)	-
Total transfers	(1,360,696)	-
CAPITAL CONTRIBUTIONS	1,609,530	-
CHANGE IN NET POSITION	2,813,499	(161,793)
NET POSITION, JANUARY 1	61,192,275	4,256,661
NET POSITION, DECEMBER 31	$ 64,005,774	$ 4,094,868

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 10,993,713	$ -
Receipts from internal service transactions	-	1,713,240
Receipts from miscellaneous revenue	-	-
Payments to suppliers	(4,181,223)	(2,263,429)
Payments for interfund services	(1,493,093)	-
Payments to employees	(2,055,198)	-
Net cash from operating activities	3,264,199	(550,189)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	389,304	-
Transfers (out)	(1,750,000)	-
Advances to other funds	69,937	-
Net cash from noncapital financing activities	(1,290,759)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(2,365,053)	-
Proceeds from disposal of capital assets	50,000	-
Principal paid on general obligation bonds	(180,000)	-
Interest and fees paid on general obligation bonds	(32,424)	-
Principal paid on SBITA liabilities	(56,738)	-
Interest and fees paid on SBITA liabilities	(4,227)	-
Net cash from capital and related financing activities	(2,588,442)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investment securities	150,000	529,571
Purchase of investment securities	(517,793)	-
Interest on investments	200,608	177,706
Net cash from investing activities	(167,185)	707,277
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(782,187)	157,088
CASH AND CASH EQUIVALENTS, JANUARY 1	4,203,412	1,696,208
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 3,421,225	$ 1,853,296

(This statement is continued on the following page.)

VILLAGE OF WHEELING, ILLINOIS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2025

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	**Internal Service**
CASH AND INVESTMENTS		
Cash and cash equivalents	$ 3,421,225	$ 1,853,296
Investments	3,553,250	3,084,042
TOTAL CASH AND INVESTMENTS	$ 6,974,475	$ 4,937,338
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	$ 1,941,359	$ (371,101)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation and amortization	1,734,303	-
Changes in current assets and liabilities		
Accounts receivable	(348,302)	(68,704)
IPBC receivable	(20,517)	-
Inventory	(15,582)	-
Prepaid expenses	(18,791)	(12,196)
Accounts payable	(42,770)	6,086
Claims and judgments payable	-	(104,274)
Accrued payroll	5,388	-
Net pension liability/asset and deferred outflows of resouces	(25,034)	-
Compensated absences payable	9,320	-
Other postemployment benefit liability, deferred inflows, and deferred outflows	63,656	-
Deposits payable	(6,000)	-
Unearned revenue	(12,831)	-
NET CASH FROM OPERATING ACTIVITIES	$ 3,264,199	$ (550,189)
NONCASH TRANSACTIONS		
Increase in joint venture	$ 344,415	$ -
Capital asset additions in accounts payable and retainage	18,921	-
Capital contribution	1,609,530	-
Increase in asset retirement obligation and deferred outflow of resources	30,000	-
TOTAL NONCASH TRANSACTIONS	$ 2,002,866	$ -

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

PENSION TRUST FUNDS

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2025

ASSETS	
Cash and short-term investments	$ 594,901
Investments at fair value	
Held in the Illinois Police Officers' Pension Investment Fund	83,362,016
Held in the Illinois Firefighters' Pension Investment Fund	73,633,489
Total investments	156,995,505
Receivables	
Due from General Fund	3,539,452
Other	10,261
Total receivables	3,549,713
Prepaid items	10,407
Total assets	161,150,526
LIABILITIES	
Accounts payable	11,153
Total liabilities	11,153
NET POSITION RESTRICTED FOR PENSIONS	$ 161,139,373

See accompanying notes to financial statements.

VILLAGE OF WHEELING, ILLINOIS

PENSION TRUST FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended December 31, 2025

ADDITIONS	
Contributions	
Employer	$ 6,620,128
Employee	1,399,525
Total contributions	8,019,653
Investment income	
Net appreciation in fair value of investments	22,481,493
Interest	1,790,800
Total investment income	24,272,293
Less investment expenses	218,310
Net investment income	24,053,983
Total additions	32,073,636
DEDUCTIONS	
Benefits and refunds	10,309,456
Administrative expenses	139,675
Total deductions	10,449,131
NET INCREASE	21,624,505
NET POSITION RESTRICTED FOR PENSIONS	
January 1	139,514,868
December 31	$ 161,139,373

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Wheeling, Illinois (the Village) was incorporated in 1894. The Village provides services to the community that include police, fire, water and sewer utility, community development, street maintenance, and general services.

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America, as applicable to governments (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

a. Reporting Entity

The Village was incorporated in 1894. The Village is a municipal corporation governed by an elected eight-member board. As required by GAAP, these financial statements present the Village (the primary government) and its component units. Management has determined that there are two fiduciary component units that are required to be included in the financial statements of the Village as pension trust funds.

Police Pension Employees Retirement System

The Village's police employees participate in Police Pension Employees Retirement System (Police). Police functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected by pension beneficiaries, and two elected police employees constitute the pension board. The Village is obligated to fund all Police costs not funded by Police participants based upon actuarial valuations, which creates a financial burden on the Village. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels, which results in the Police being fiscally dependent upon the Village. Police is reported as a pension trust fund. Police does not issue a stand-alone financial report.

Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in Firefighters' Pension Employees Retirement System (Fire). Fire functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary, and two elected fire employees constitute the pension board. The Village is obligated to fund all Fire costs not funded by Fire participants based upon actuarial valuations, which creates a financial burden on the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System (Continued)

The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels, which results in the Fire being fiscally dependent on the Village. Fire is reported as a pension trust fund. Fire does not issue a stand-alone financial report.

b. Fund Accounting

The Village uses funds to report on its financial position and the change in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of committed, restricted, or assigned monies (special revenue funds), the funds committed, restricted, or assigned for the acquisition or construction of capital assets (capital projects funds), and the funds committed, restricted, or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the Village not accounted for in some other fund.

Enterprise funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

Fiduciary funds are used to account for fiduciary activities (e.g., assets held on behalf of outside parties, including other governments). The Village utilizes pension trust funds which are generally used to account for assets that the Village holds in a fiduciary capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated on these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those accounted for in another fund.

The Capital Equipment Replacement Fund is used to account for transfers and advances from other funds assigned for the eventual replacement of vehicles and equipment utilized by those funds.

The Town Center TIF #2 Fund is used to account for the funds restricted for the redevelopment activities of the tax increment financing district for the area surrounding Wheeling Metra Station, including portions of Dundee Road and areas north of Dundee Road.

The North Milwaukee/Lake Cook Redevelopment Area Fund is used to account for the redevelopment activities of the tax increment financing district located near Milwaukee Avenue and Lake Cook Road in the Village. Financing is provided from incremental property tax revenues restricted for development within the district.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Village reports the following major proprietary funds:

The Waterworks and Sewerage Fund is used to account for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and improvements.

Additionally, the Village reports the following Internal Service Fund:

Internal Service Fund (Liability Insurance Fund) is used to account for accumulation of resources and costs associated with liability insurance, related premiums and claims for the Village. This fund is reported as part of the governmental activities on the government-wide financial statements as they provide services to the Village's governmental funds/activities.

The Village reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund. These are classified as fiduciary component units of the Village.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Non-operating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally 60 days except for sales taxes and telecommunication taxes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

which use 90 days. The Village recognizes property taxes when they become both measurable and available in the year for which they are levied (i.e., intended to finance). Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Property taxes, sales taxes owed from the state at year end, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (e.g., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. There are, however, essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The Village reports unearned revenue and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability or deferred inflow of resources for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

e. Cash and Investments

For purposes of the statement of cash flows, the Village considers cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances are offset by nonspendable fund balance in applicable governmental funds.

Interfund service transactions are accounted for as revenues, expenditures, or expenses.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

g. Property Taxes

Property taxes are levied in December of each year on all taxable real property in the Village and attach as an enforceable lien on the property as of the preceding January 1. Tax bills are prepared by the County and are payable in two installments on or about March 1 (Cook County) and June 1 (Lake County) and on or about December 30 (Cook County) and September 1 (Lake County). The County Collector collects such taxes and remits them periodically. A reduction for collection losses, based on historical collection experience, has been provided to reduce the taxes receivable to the estimated amounts to be collected. Since the 2025 levy is intended to finance the 2026 fiscal year, the levy has been recorded as a receivable and deferred inflow of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Inventories and Prepaid Items/Expenses

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses. Prepaid items/expenses are recorded as expenditures/expenses when consumed rather than when purchased.

i. Capital Assets/Intangible Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Land	$ 100,000
Building and improvements	50,000
Vehicles, equipment, and furniture	10,000
Infrastructure	100,000
Stormwater management credits	-
Other intangible assets (no definite useful life)	-
Other intangible assets (definite useful life)	20,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets/Intangible Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30-50
Buildings improvements	5-50
Water and sewer distributions system	20-65
Vehicles, equipment, and furniture	5-30
Infrastructure	15-50
Other intangible assets	5-20

Intangible assets represent the Village's right-to-use assets, as defined by GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based IT Arrangements*.

j. Compensated Absences

Vested or accumulated vacation leave that is owed to retirees or terminated employees, if applicable, is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements. Vested or accumulated vacation leave of proprietary funds and governmental activities is recorded as an expense and liability as the benefits accrue to employees.

Sick Leave: A sick leave deferred payment account (SLDPA) is offered to eligible employees upon retirement. SLDPA is a method of allowing eligible employees to contribute the value of accrued but unused sick time hours to a Postemployment Health Plan (PEHP) or Variable Employee Medical Account (VEMA).

To be eligible for SLDPA benefits, the employees must:

- have retired in good standing;
- have at least 20 years of continuous service with the Village immediately prior to retirement or have at least ten years of continuous service with the Village immediately prior to retirement and have attained the age of 60 by the date of retirement;
- have been continuously covered for at least 12 months immediately prior to retirement under the Village's medical insurance plan and be in full compliance with all plan provisions; and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences (Continued)

- have at least 675 hours of accrued but unused sick time (1,000 hours for fire union employees).

SLDPA is calculated by using the employee's final hourly wage multiplied by the number of accrued but unused sick time hours in excess of 675 (1,000 hours for the firefighters' union). The maximum number of accrued but unused sick time hours that may be used within SLDPA is 536 hours (1,440 hours for firefighters' union employees). Other accumulated unpaid sick leave is not paid to an employee in the event of termination; thus, no liability is recorded for those nonvested benefits.

Sick Leave Buy Back Program: In addition to the SLDPA program, the Village offers an annual sick leave buy back program to its non-union and police union employees. As of May 1st of each year, employees with at least 500 hours of accrued sick leave may sell back one sick day; employees with at least 750 hours of accrued sick leave may sell back two sick days; and employees with at least 1,000 hours of accrued sick leave may sell back three sick days. Employees who sell back a portion of their accrued sick leave as indicated above receive 100% of the pay the employee would have received for the sick day during the year it is contributed.

The decision whether to sell back sick time each year is optional for non-union employees and the funds are contributed to their 457 deferred compensation program. Conversely, the decision to sell back sick time each year is mandatory for police union employees and the funds are contributed to the employee's VEMA.

The Village implemented GASB Statement No. 101, *Compensated Absences*, in 2024. Village policy permits employees to accumulate earned but unused sick leave. Sick leave is recognized as a liability if it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts, as well as the unamortized loss on refunding, are deferred and amortized over the life of the bonds. Bonds payable are reported net of any applicable bond premium or discount.

Issuance costs are reported as expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Long-Term Obligations (Continued)

The unamortized loss on refunding is reported as a deferred outflow of resources and the unamortized gain on refunding is reported as a deferred inflow of resources.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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 expenditures.

l. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

m. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the Village Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village Manager through the fund balance policy adopted by the Village Board of Trustees. Any residual fund balance of the General Fund is reported as unassigned. Deficit fund balances of other governmental funds are also reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balance/Net Position (Continued)

The Village has established a fund balance reserve policy for its General Fund. The policy requires unassigned fund balances to be maintained in the General Fund equivalent to 25% of the fund’s annual operating expenditures.

The Stormwater Fund reports restricted fund balance for capital projects (stormwater management projects) as established by the enabling ordinance.

The Village’s flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets as well as any other non-debt capital related liabilities.

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

2. DEPOSITS AND INVESTMENTS

The Village and pension funds categorize the fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments

The Village's investment policy authorizes the Village to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds.

The Village's investment policy does limit their deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance. Additionally, the Village will not invest in any institution in which the Village's funds on deposit are in excess of 50% of the institution's capital stock and surplus.

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and rate of return.

The Village maintains a cash pool that is available for use by all funds, except the pension trust funds. Investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, at an amount not less than 110% of the fair market value of the funds secured, with the collateral held by the Village, an independent third party, the Federal Reserve Bank of Chicago, or with an irrevocable line of credit at the Federal Home Loan Bank of Chicago.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments (Continued)

Investments

The following table presents the investments and maturities of the Village's debt securities as of December 31, 2025:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1-5	6-10	Greater than 10
Negotiable certificates of deposit	$ 21,021,330	$ 3,057,236	$ 17,964,094	$ -	$ -
U.S. Treasury obligations	9,165,307	3,965,508	5,199,799	-	-
U.S. agency obligations	5,338,562	245,303	4,336,554	756,705	-
Municipal bonds	457,165	-	457,165	-	-
TOTAL	$ 35,982,364	$ 7,268,047	$ 27,957,612	$ 756,705	$ -

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 Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short-term and long-term cash flow needs while providing a reasonable rate of return based on the current market.

The Village has the following recurring fair value measurements as of December 31, 2025: the negotiable certificates of deposit, U.S. agency obligations, and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs). The U.S. Treasury obligations use Level 1 inputs.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in external investment pools. The Illinois Funds, a money market mutual fund, is rated AAA.

The negotiable certificates of deposit are not rated but are covered by FDIC insurance up to $250,000. The U.S. agency obligations and municipal bonds are rated AA+ by Standard & Poor's.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* and thus, reports all investments at amortized cost rather than fair value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village Investments (Continued)

Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held in a custodial account with the trust department of an approved financial institution. The Illinois Funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of its investments invested in one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk but has no set percentage limits.

3. RECEIVABLES

The following receivables are included in due from other governments on the statement of net position at December 31, 2025:

GOVERNMENTAL ACTIVITIES	
Motor fuel tax	$ 158,445
Grants	87,938
TOTAL GOVERNMENTAL ACTIVITIES	$ 246,383

The following receivables are included in other receivables on the statement of net position:

GOVERNMENTAL ACTIVITIES	
Court fines	$ 9,483
Franchise fees	73,445
Hotel/motel tax	57,869
Food and beverage tax	119,832
Unbilled SWANCC fees	31,112
Video gaming	110,664
SWANCC service charge	37,120
Utility taxes	345,244
Miscellaneous	924,707
TOTAL GOVERNMENTAL ACTIVITIES	$ 1,709,476

3. RECEIVABLES (Continued)

BUSINESS-TYPE ACTIVITIES	
Miscellaneous	$ 14,665
TOTAL BUSINESS-TYPE ACTIVITIES	$ 14,665

4. CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Tangible capital assets not being depreciated				
Land	$ 22,823,102	$ -	$ -	$ 22,823,102
Intangible assets - stormwater credits	1,900,840	-	-	1,900,840
Land right of way	11,636,077	-	-	11,636,077
Construction in progress	2,007,379	3,202,591	221,454	4,988,516
Total tangible assets not being depreciated	38,367,398	3,202,591	221,454	41,348,535
Tangible capital assets being depreciated				
Buildings and improvements	66,734,854	1,520,088	437,556	67,817,386
Vehicles, equipment, and furniture	19,044,219	3,622,013	1,466,727	21,199,505
Infrastructure	49,247,307	-	-	49,247,307
Total tangible assets being depreciated	135,026,380	5,142,101	1,904,283	138,264,198
Intangible right-to-use capital assets being amortized				
Software	116,413	614,999	58,935	672,477
Buildings and improvements	182,061	-	-	182,061
Total intangible assets being amortized	298,474	614,999	58,935	854,538
Less accumulated depreciation for tangible capital assets				
Buildings and improvements	24,287,346	1,699,241	429,748	25,556,839
Vehicles, equipment, and furniture	12,509,756	1,484,678	1,108,821	12,885,613
Infrastructure	27,798,449	1,218,559	-	29,017,008
Total accumulated depreciation for tangible capital assets	64,595,551	4,402,478	1,538,569	67,459,460
Less accumulated amortization for intangible right-to-use capital assets				
Software	70,819	150,676	58,935	162,560
Buildings and improvements	66,204	16,551	-	82,755
Total accumulated amortization for intangible capital assets	137,023	167,227	58,935	245,315
Total tangible and intangible capital assets being depreciated and amortized, net	70,592,280	1,187,395	365,714	71,413,961
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 108,959,678	$ 4,389,986	$ 587,168	$ 112,762,496

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	$ 567,510	$ -	$ -	$ 567,510
Total capital assets not being depreciated	567,510	-	-	567,510
Capital assets being depreciated				
Waterworks	54,720,448	3,346,433	-	58,066,881
Sewerage	20,789,398	-	-	20,789,398
Equipment and vehicles	4,425,415	532,921	175,686	4,782,650
Total capital assets being depreciated	79,935,261	3,879,354	175,686	83,638,929
Intangible right-to-use capital assets being amortized				
Software	283,603	-	-	283,603
Total intangible assets being amortized	283,603	-	-	283,603
Less accumulated depreciation for				
Waterworks	20,907,621	1,040,890	-	21,948,511
Sewerage	9,952,300	358,074	-	10,310,374
Equipment and vehicles	2,514,721	279,107	175,686	2,618,142
Total accumulated depreciation	33,374,642	1,678,071	175,686	34,877,027
Less accumulated amortization for intangible right-to-use capital assets				
Software	110,222	56,232	-	166,454
Total accumulated amortization for intangible capital assets	110,222	56,232	-	166,454
Total tangible and intangible capital assets being depreciated and amortized, net	46,734,000	2,145,051	-	48,879,051
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 47,301,510	$ 2,145,051	$ -	$ 49,446,561

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	$ 1,214,454
Public safety	1,883,991
Highways and streets	1,471,260
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 4,569,705

4. CAPITAL ASSETS (Continued)

Capital asset additions were charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	$ 363,692
Highways and streets	3,457,129
Public safety	4,917,416
Capital contribution	-
TOTAL ADDITIONS - GOVERNMENTAL ACTIVITIES	$ 8,738,237

5. LONG-TERM DEBT

a. General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village.

b. Changes in General Long-Term Debt

A summary of changes in long-term debt of the Village for the year ended December 31, 2025 is as follows:

Issue	Fund Debt Retired By	Purpose	Balances January 1	Accretion/ Additions*	Reductions/ Refunding	Balances December 31	Current
GOVERNMENTAL ACTIVITIES							
General Obligation Bond Series 2007 (dated November 30, 2007; maturing December 1, 2030; original issue $10,000,000; interest rates 3.92%; principal payable annually on December 1).	Debt Service	Village Building Projects	$ 10,000,000	$ -	$ -	$ 10,000,000	$ -
General Obligation Refunding Bond Series 2021 (dated November 18, 2021; maturing December 1, 2027; original issue $16,595,000; interest rate 4%; principal payable annually on December 1).	Debt Service	Refunding	8,510,000	-	3,120,000	5,390,000	3,320,000
TOTAL GENERAL OBLIGATION BONDS			$ 18,510,000	$ -	$ 3,120,000	$ 15,390,000	$ 3,320,000

5. LONG-TERM DEBT (Continued)

b. Changes in General Long-Term Debt (Continued)

Issue	Fund Debt Retired By	Purpose	Balances January 1	Accretion/ Additions*	Reductions/ Refunding	Balances December 31	Current
GOVERNMENTAL ACTIVITIES (Continued)							
Tax Increment Revenue Note A Series 2023 (dated July 13, 2023; maturing December 31, 2037; original issue $4,500,000; interest rate 3.00%; principal payable annually on or before December 1).	Town Center TIF #2	Uptown 500 Redevelopment Project in TIF	$ 998,891	$ 26,037	$ 1,024,928	$ -	$ -
TOTAL TAX INCREMENT REVENUE NOTES			$ 998,891	$ 26,037	$ 1,024,928	$ -	$ -
TOTAL GOVERNMENTAL ACTIVITIES			$ 19,508,891	$ 26,037	$ 4,144,928	$ 15,390,000	$ 3,320,000

*$26,037 is interest accreted to the note balance for the Uptown 500 Redevelopment Project.

A debt service to maturity schedule is not available for the REVA Redevelopment Project Note or the Wheeling Town Center Notes.

Issue	Fund Debt Retired By	Purpose	Balances January 1	Accretion/ Additions	Reductions/ Refunding	Balances December 31	Current
BUSINESS-TYPE ACTIVITIES							
General Obligation Refunding Bond Series 2020 (dated August 17, 2020; maturing December 1, 2032; original issue $2,290,000; interest rate 2%; principal payable annually on December 1).	Waterworks and Sewerage	Water Improvements	$ 1,615,000	$ -	$ 180,000	$ 1,435,000	$ 190,000
TOTAL			$ 1,615,000	$ -	$ 180,000	$ 1,435,000	$ 190,000

5. LONG-TERM DEBT (Continued)

c. Legal Debt Margin

The Village is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be 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 General Assembly has set no limits for home rule municipalities.

d. Debt Service Requirements to Maturity

Year	General Obligation Bonds					
Ending	Governmental Activities			Business-Type Activities		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 3,320,000	$ 607,600	$ 3,927,600	$ 190,000	$ 28,700	$ 218,700
2027	3,515,000	474,800	3,989,800	190,000	24,900	214,900
2028	3,700,000	335,356	4,035,356	200,000	21,100	221,100
2029	3,850,000	190,316	4,040,316	205,000	17,100	222,100
2030	1,005,000	39,396	1,044,396	215,000	13,000	228,000
2031	-	-	-	215,000	8,700	223,700
2032	-	-	-	220,000	4,400	224,400
TOTAL	$ 15,390,000	$ 1,647,468	$ 17,037,468	$ 1,435,000	$ 117,900	$ 1,552,900

5. LONG-TERM DEBT (Continued)

e. Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in liabilities reported in the governmental activities:

	Balances January 1	Issuances or Accretions	Reductions or Refundings	Balances December 31	Current Portion
General obligation bonds payable	$ 18,510,000	$ -	$ 3,120,000	$ 15,390,000	$ 3,320,000
Tax increment revenue notes*	998,891	26,037	1,024,928	-	-
Premium on bonds payable	865,527	-	276,035	589,492	-
Compensated absences payable - governmental funds**	3,665,016	60,015	-	3,725,031	1,676,264
Insurance claims payable	1,114,791	1,175,878	1,280,152	1,010,517	505,259
Lease liabilities	124,028	-	15,681	108,347	15,969
SBITA liabilities	47,037	609,109	136,571	519,575	123,784
Net pension liability - Police Pension	27,041,853	-	7,592,889	19,448,964	-
Net pension liability - Firefighters' Pension	28,354,182	-	5,929,751	22,424,431	-
Net pension liability - IMRF***	3,645,505	-	3,645,505	-	-
Other postemployment benefit liability	15,479,991	546,504	-	16,026,495	758,137
TOTAL GOVERNMENTAL ACTIVITIES	$ 99,846,821	$ 2,417,543	$ 23,021,512	$ 79,242,852	$ 6,399,413

*$26,037 is interest accreted to the note balance for the Uptown 500 Redevelopment Project.

**The amount displayed as additions or reductions represents the net change in the liability.

***Reported as a net pension asset as of December 31, 2025.

The net pension liabilities, and other postemployment benefit liability have typically been liquidated in prior years by the General Fund.

5. LONG-TERM DEBT (Continued)

e. Changes in Long-Term Liabilities (Continued)

During the fiscal year the following changes occurred in liabilities reported in the business-type activities:

	Balances January 1	Issuances	Reductions or Refundings	Balances December 31	Current Portion
General obligation bonds payable	$ 1,615,000	$ -	$ 180,000	$ 1,435,000	$ 190,000
Premium on bonds payable	84,536	-	14,090	70,446	-
Asset retirement obligation	230,000	30,000	-	260,000	-
Compensated absences*	243,608	9,320	-	252,928	113,818
SBITA liabilities	186,872	-	56,738	130,134	32,312
Net pension liability - IMRF**	643,324	-	643,324	-	-
Other postemployment benefit liability	2,731,762	96,443	-	2,828,205	133,789
TOTAL BUSINESS-TYPE ACTIVITIES	$ 5,735,102	$ 135,763	$ 894,152	$ 4,976,713	$ 469,919

*The amount displayed as additions or reductions represents the net change in the liability.

**Reported as a net pension asset as of December 31, 2025.

f. Tax Increment Revenue Notes

The Village, pursuant to a redevelopment agreement dated May 1, 2019, amended on August 2, 2021, agreed to reimburse a developer (Uptown 500, LLC) for certain project costs the developer has incurred in the Town Center-II TIF District. One note was issued for a total of $4,500,000. Note A was issued on July 13, 2023. Interest on Note A is 3.00%. The note provides that the payment of principal and interest is due only if tax increment revenues are available for payment of debt service. Therefore, no debt service to maturity schedule is available. During the fiscal year ended December 31, 2025, $26,037 of interest was accreted. Principal payments of $1,024,928 were made during the fiscal year ended December 31, 2025.

g. Asset Retirement Obligation

The Village has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon various water wells at the end of their estimated useful lives in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated remaining useful lives of the water wells range from 20 to 65 years.

5. LONG-TERM DEBT (Continued)

h. Conduit Debt

On January 15, 2004, the Village (with the City of Prospect Heights) entered into a loan agreement for $1,237,000 with Banco Popular North America for the purpose of constructing two new hangers and a taxiway at the Chicago Executive Airport (see Note 11c for additional disclosures on the joint venture). These notes are secured solely by the property financed and are payable solely from airport revenues. The Village is not obligated in any manner for the repayment of the notes. Accordingly, the notes are not reported as a liability in the Village's financial statements. As of December 31, 2025, the outstanding balance of the loan was $0.

On April 19, 2010, the Village issued $3,200,000 Airport Revenue Notes, Series 2010A. These notes are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the notes. Accordingly, the notes are not reported as a liability in the Village's financial statements. As of December 31, 2025, $277,732 of the Airport Revenue Notes, Series 2010A are outstanding.

On April 19, 2010, the Village issued $2,300,000 Airport Revenue Notes, Series 2010B. These notes are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the notes. Accordingly, these notes are not reported as a liability in the Village's financial statements. As of December 31, 2025, $587,916 of the Airport Revenue Notes, Series 2010B are outstanding.

On November 17, 2020, the Village issued $2,987,590 Airport Revenue Notes, Series 2020. These notes are special, limited obligations payable solely from the Chicago Executive Airport Commission revenues and do not consistent indebtedness of the Village (see Note 11c). Accordingly, these notes are not reported as a liability in the Village's financial statements. As of December 31, 2025, $2,390,368 of the Airport Revenue Notes, Series 2020 are outstanding.

i. Leases

In accordance with GASB Statement No. 87, *Leases*, the Village's lessee activity is as follows:

The Village entered into a lease arrangement on January 1, 2021, for the right-to-use one parking lot. Payments ranging from $15,656 to $17,963 are due in annual installments, through December 31, 2026. The lease arrangement has a five-year renewal option, that is reasonably certain to be exercised through December 31, 2031. Payments range from $18,502 to $20,218 for the renewal period. Total intangible right-to-use assets acquired under this agreement are $182,061.

5. LONG-TERM DEBT (Continued)

i. Leases (Continued)

Obligations of governmental activities under lease liabilities, typically paid from the General Fund, including future interest payments at December 31, 2025, were as follows:

Fiscal Year Ending December 31,	Leases Principal	Interest
2026	$ 15,969	$ 1,994
2027	16,802	1,700
2028	17,666	1,391
2029	18,563	1,066
2030	19,494	724
Thereafter	19,853	365
TOTAL	$ 108,347	$ 7,240

j. SBITAs

In accordance with GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, the Village's SBITA activity is as follows:

The Village entered into seven SBITA arrangements with start dates ranging from December 2019 to June 2025, for a right-to-use software asset. Payments ranging from $320 to $133,028 are due in annual installments, through January 2030. Total intangible right-to-use assets acquired under these agreements are $672,477 and $283,603 for governmental and business-type activities, respectively.

Obligations of governmental activities under SBITA liabilities, typically paid from the General Fund and obligations of business-type activities under SBITA liabilities, typically paid from the Water and Sewer Fund, including future interest payments at December 31, 2025, were as follows:

Year	SBITA Liabilities					
Ending	Governmental Activities			Business-Type Activities		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 123,784	$ 13,347	$ 137,131	$ 32,312	$ 3,094	$ 35,406
2027	127,126	9,742	136,868	31,707	2,258	33,965
2028	126,947	6,081	133,028	33,608	1,376	34,984
2029	130,660	2,368	133,028	32,507	442	32,949
2030	11,058	27	11,084	-	-	-
TOTAL	$ 519,575	$ 31,565	$ 551,139	$ 130,134	$ 7,170	$ 137,304

6. LESSOR DISCLOSURES

In accordance with GASB Statement No. 87, *Leases*, the Village's lessor activity is as follows:

The Village entered into a lease arrangement on November 24, 2008, to lease cell tower property. Payments ranging from $2,000 to $4,713 are due to the Village in monthly installments, through December 31, 2038, including renewal options. The lease arrangement is noncancelable. During the fiscal year, the Village collected $28,316 and recognized a $39,007 reduction in the related deferred inflow of resource. The remaining lease receivable and deferred inflow of resource for this arrangement is $543,996 and $507,096, respectively, as of December 31, 2025.

The Village entered into a lease arrangement on May 7, 2016, which was extended on May 9, 2025 to lease cell tower property. Payments ranging from $250 to $336 are due to the Village in monthly installments, through April 30, 2027, including renewal options. The lease arrangement is noncancelable. During the fiscal year, the Village collected $3,445 and recognized a $5,433 reduction in the related deferred inflow of resource. The remaining lease receivable and deferred inflow of resource for this arrangement is $5,268 and $5,205, respectively, as of December 31, 2025.

The Village entered into a lease arrangement on August 1, 2021, to lease a public works building. Payments ranging from $6,244 to $8,391 are due to the Village in monthly installments, through July 31, 2032, including renewal options. The lease arrangement is noncancelable. During the fiscal year, the Village collected $71,619 and recognized a $77,788 reduction in the related deferred inflow of resource. The remaining lease receivable and deferred inflow of resource for this arrangement is $573,978 and $544,514, respectively, as of December 31, 2025.

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters.

Beginning January 1, 2000, the Village became self-insured for general liability, property, and workers' compensation claims and established a risk financing fund (Liability Insurance Fund) (the Fund) for these risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. The Village is responsible for the first $50,000 of each property claim and $100,000 for each liability claim. There is no aggregate amount.

The Village covers the first $750,000 of each workers' compensation claim for the police and fire public safety personnel department and $550,000 for all other employees. There is no aggregate amount. The Village purchases commercial insurance for claims in excess of the coverages provided by the Fund. Settled claims did not exceed the Fund's coverage, and the commercial coverage was not exceeded in the past three fiscal years.

7. RISK MANAGEMENT (Continued)

The General Fund and Waterworks and Sewerage Fund participate and make payments to the Fund based upon estimates of the amounts needed to pay prior and current year claims. Liabilities of the Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims. Changes in the balances of claims liabilities during the years ended December 31, 2024 and 2025 are as follows:

	2024	2025
UNPAID CLAIMS - BEGINNING OF YEAR	$ 1,253,962	$ 1,114,791
Incurred claims (including IBNR)	1,060,660	1,175,878
Claims payments	(1,199,831)	(1,280,152)
UNPAID CLAIMS - END OF YEAR	$ 1,114,791	$ 1,010,517

Intergovernmental Personnel Benefit Cooperative

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established in 1979 by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi-governmental, and nonprofit public service entities. Management consists of a Board of Directors comprised of one appointed representative from each member. The officers of IPBC are chosen by the Board of Directors from among their membership. The Village does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors.

IPBC acts as an administrative agency to receive, process, and pay such claims as may come within the benefit program of each member. Through IPBC, the Village offers both a PPO plan and an HMO plan.

For those employees enrolled in the PPO plan, the Village is responsible for the first $50,000 in claims for each individual employee participant every claim year. The members of IPBC share claims (for each individual employee) between $50,000 and $1,000,000.

7. RISK MANAGEMENT (Continued)

Intergovernmental Personnel Benefit Cooperative (Continued)

IPBC maintains stop-loss insurance to cover claims in excess of $1,000,000. Approximately 56% of the Village’s employees and retirees are PPO participants.

The HMO plan is also self-insured through a special arrangement. Members of IPBC pay for fixed costs of capitation and administration and then fund for claims not covered under the capitation fee. This plan is fully pooled and the Village is not individually rated based on claims experience. All members of the IPBC pay the same rates based on plan design choices. Approximately 44% of the Village’s employees and retirees are HMO participants.

The Village makes payments to IPBC monthly based on its participation in the plan. The rates per individual participant are determined annually based on each member’s prior experience within the pool and projected future claims. This rate also includes a provision for the cost of excess insurance purchased by IPBC. The Village makes monthly payments to IPBC for administration of the plan. The Village had terminal reserve net of deficit of other accounts as of June 30, 2025 (most recent available) of $3,030,669. This amount was declared as a dividend to the Village and, therefore, has been recorded as a receivable in the General Fund of $2,833,802 and the Waterworks and Sewerage Fund of $196,868 as of December 31, 2025.

8. CONTINGENT LIABILITIES

a. Litigation

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

b. 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, constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

c. Northwest Water Commission

The Village’s water purchase contract with the Northwest Water Commission (NWWC) provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

8. CONTINGENT LIABILITIES (Continued)

d. Solid Waste Agency of Northern Cook County

The Village'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.

e. TIF Revenue Notes

Uptown 500, LLC

The Village, pursuant to a redevelopment agreement dated May 1, 2018, as amended August 2, 2021, has agreed to reimburse the developer (Uptown 500, LLC) for certain project costs incurred in the Town Center TIF #2 District. The redevelopment agreement also contains a provision providing for the issuance of tax increment allocation revenue notes not to exceed $6,500,000.

The Village issued the first note (defined as the Residential Note) on July 13, 2023. The first note, which is taxable, has a par value of $4,500,000 and is payable from 85% of the available incremental property taxes. The second note (defined as the Retail Note) will be a taxable note with a par value of $2,000,000, payable from 15% of the available incremental property taxes.

The notes are payable from and secured by the pledged incremental revenues generated by the project located within the Town Center TIF #2 District. Interest on the first note began to accrue at a fixed rate of 3% when the Village issued a certificate of completion for the Residential phase of the project. Interest on the second note will begin to accrue at a fixed rate of 3% when the Village issues a certificate of completion for the Retail phase of the project. The notes provide that principal and interest payments are due only if tax increment revenues are available. As of December 31, 2025, the Village had not issued the second note (defined as the Retail note).

9. TAX ABATEMENTS

The Village participates in Cook County's Class 6b, 7a, 7b, and 7c property tax incentive programs. The purpose of the Class 6b program is to encourage industrial development in Cook County by offering a real estate tax incentive to develop new industrial facilities, rehabilitate existing industrial structures and reutilize abandoned buildings. The goal of the Class 6b program is to attract new industry, stimulate expansion and retention of existing industry, and increase employment opportunities.

9. TAX ABATEMENTS (Continued)

Under the incentive provided by Class 6b, qualifying industrial real estate is eligible for the reduced level of assessment from the date that new construction or substantial rehabilitation is completed and initially assessed or, in the case of abandoned property, from the date of substantial re-occupancy. Properties receiving a Class 6b incentive are assessed at 10% of market value for the first ten years, 15% in the eleventh year, and 20% in the twelfth and final year. This adjustment represents a substantial reduction in the level of assessment and results in significant tax savings. Without this incentive, industrial real estate would normally be assessed at 25% of its market value.

Cook County’s Class 7a and 7b tax incentive programs are for commercial properties that produce hotel/motel tax, food and beverage tax, retail sales tax, or a combination thereof. Like Class 6b recipients, properties that receive a Class 7a or 7b designation are assessed at 10% of market value for the first ten years, 15% for the eleventh year, and 20% in the twelfth and final year of the incentive. The tax savings provided to these properties helps offset the costs associated with new construction, rehabilitation, or modernization of the property.

Cook County's Class 7c program is also for commercial properties; however, the incentive is only for five years. Properties that receive this classification are assessed at 10% of market value for the first three years, 15% for the fourth year, and 20% for the fifth and final year of the incentive. The Class 7c program is generally available to properties not located in a Tax Increment Financing (TIF) district or conservation area.

For the fiscal year ending December 31, 2025, the Village’s share of the abatement granted to the Class 6b properties amounted to $1,210,462.

10. COMMITMENTS

a. Northwest Water Commission

The Village has committed to purchase water from NWWC. The Village expects to pay the following minimum amounts:

Year Ending December 31,	Amount
2026	$ 2,154,510
2027	2,197,600
2028	2,241,552
2029	2,286,383
2030	2,332,111
Thereafter	7,279,936

These amounts have been calculated using the Village’s current allocation percentage of 15.78%. In future years, this allocation percentage will be subject to change.

10. COMMITMENTS (Continued)

a. Northwest Water Commission (Continued)

NWWC has entered into water supply agreements with four member municipalities. 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.

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

b. Solid Waste Agency of Northern Cook County

The Village has committed to pay its share of the annual operating costs and fixed costs of SWANCC. The Village's share of dual costs is funded through user fees collected by refuse haulers. The Village expects to pay the following amounts:

Year Ending December 31,	Amount
2026	$ 534,684
2027	553,398
2028	572,767
2029	592,814
2030	613,562

These amounts have been calculated using the Village's allocation percentage of 4.09%. In future years, the allocation percentage will be subject to change.

11. JOINT VENTURES

a. Solid Waste Agency of Northern Cook County

The Village is a member of SWANCC which consists of 23 municipalities. SWANCC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. SWANCC is empowered to plan, construct, finance, operate, and maintain a solid waste disposal system to serve its members.

SWANCC is governed by a Board of Directors which consists of the Mayor or President 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, provides for the issuance of debt, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

11. JOINT VENTURES (Continued)

a. Solid Waste Agency of Northern Cook County (Continued)

Complete financial statements can be obtained from the Solid Waste Agency of Northern Cook County administrative office at the Village of Wheeling Public Works Building at 77 W. Hintz Road, Wheeling, Illinois 60090 or online at www.swancc.org.

SWANCC's outstanding bonds are revenue obligations. They are limited obligations of SWANCC with a claim for payment solely from and secured by a pledge of the revenues of the system and amounts in various funds and accounts established by SWANCC resolutions. The bonds are not the debt of any member. SWANCC has no power to levy taxes.

Revenues of the system consist of (1) all receipts derived from solid waste disposal contracts or any other contracts for the disposal of waste; (2) all income derived from the investment of monies; and (3) all income, fees, service charges, all grants, rents, and receipts derived by SWANCC from the ownership and operation of the system. SWANCC covenants to establish fees and charges sufficient to provide revenues to meet all its requirements.

SWANCC has entered into solid waste disposal contracts with the member municipalities. The contracts are irrevocable and may not be terminated or amended except as provided for in the contract. Each member is obligated, on a "take or pay" basis, to deliver a minimum amount of solid waste to the system. The obligation of the Village to make all payments as required by this contract is unconditional and irrevocable, without regard to performance or nonperformance by SWANCC of its obligations under the contract. The contract does not constitute an indebtedness of the Village within the meaning of any statutory or constitutional limitation.

In accordance with the contract, the Village made payments totaling $508,463 to SWANCC for the year ended December 31, 2025. The payments have been recorded in the General Fund. The Village does not have an equity interest in SWANCC at December 31, 2025.

b. Northwest Water Commission

Description of Joint Venture

The Village is a member of NWWC, which consists of four municipalities. NWWC is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. NWWC 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.

11. JOINT VENTURES (Continued)

b. Northwest Water Commission (Continued)

Description of Joint Venture (Continued)

NWWC is governed by a Board of Commissioners which consists of one appointed representative from each member municipality. Each commissioner has an equal vote. The officers of NWWC are appointed by the Board of Commissioners. The Board of Commissioners determines the general policy of NWWC, makes all appropriations, approves contracts for sale or purchase of water, provides for the issuance of debt, adopts by-laws, rules and regulations, and exercises such powers and performs such duties as may be prescribed in the agency agreement or the by-laws.

Complete financial statements can be obtained from the Northwest Water Commission, 1525 North Wolf Road, Des Plaines, Illinois 60016.

Revenues of the system consist of (1) all receipts derived from the Water Supply Agreements or any other contract for the supply of water; (2) all income derived from the investment of monies; and (3) all income, fees, water service charges, and all grants, rents, and receipts derived by NWWC from the ownership and operation of the system and the sale of water. NWWC covenants to establish fees and charges sufficient to provide revenues to meet all its obligations.

NWWC has entered into water supply agreements with the four member municipalities for a term of 40 years, extending to 2026. The agreements are irrevocable and may not be terminated or amended except as provided for 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.

NWWC has entered into an agreement with the City of Evanston (the City) under which the City has agreed to sell quantities of Lake Michigan water sufficient to meet the projected water needs of the members through the year 2035.

The obligation of the Village to make payments required by this agreement is payable from the Village’s Water and Sewer Fund.

In accordance with the joint venture agreement, the Village remitted $2,013,618 to NWWC for the year ended December 31, 2025. The Village has an equity interest in NWWC in the amount of $8,772,925 as of December 31, 2025.

11. JOINT VENTURES (Continued)

c. Chicago Executive Airport

Description of Joint Venture

The Village is a joint and equal owner of the Chicago Executive Airport (CEA), a proprietary joint venture, which consists of two municipalities. CEA is a joint airport commission established pursuant to the Constitution of the State of Illinois and the Intergovernmental Cooperation Act of the State of Illinois, as amended (the Act). CEA is empowered under the Act to acquire, organize, operate, and maintain an airport to serve its members and other potential airport customers. CEA is an intergovernmental cooperative created under Illinois law to allow the City of Prospect Heights, Illinois and the Village (collectively referred to as member municipalities) joint ownership and administration of the airport.

The member municipalities have entered into agreements with the Federal Aviation Administration of the United States of America and the State of Illinois to sponsor projects for the acquisition and development of the airport. Although assets are legally held in the name of the member municipalities, such assets are recorded in CEA's financial statements to present the overall financial position and operations of the airport. Airport revenues are solely restricted to funding airport development and airport maintenance expenses. The duration of CEA shall be for the term of 20 years or the useful life of the airport, whichever is longer, unless sooner terminated and dissolved by mutual agreement of the member municipalities or by operation of law.

The two owners of CEA and their percentage shares as of the date of this report are:

	Percent Share
City of Prospect Heights	50%
Village of Wheeling	50%
TOTAL	100%

CEA is managed by a Board of Directors, which consists of seven members, three from each member municipality and a chairman of the board selected and appointed by the joint decision of the Village President of the Village and the Mayor of the City of Prospect Heights. Each Director has an equal vote. The officers of the CEA are appointed by the Board of Directors. The member municipalities have specific powers reserved to them including appointment of the Chairman and Members of the Board of Directors; approval of the Airport Layout Plan submitted to the Federal Aviation

11. JOINT VENTURES (Continued)

c. Chicago Executive Airport (Continued)

Description of Joint Venture (Continued)

Administration and State of Illinois rules, regulations, and minimum standards for the operations of the airport; approval of any agreements with lessees, businesses, or other parties operating at the CEA; approval of a debt obligation or revenue obligation; approval of the annual budget of CEA and the Board of Directors; and approval of any land acquisition of CEA. All other powers and duties related to CEA are delegated to the Board of Directors as described in an Intergovernmental Agreement between the Village and City of Prospect Heights.

Complete financial statements can be obtained from the Chicago Executive Airport, 1020 South Plant Road, Wheeling, Illinois 60090 or at www.chiexec.com.

At April 30, 2025, the Village's proportionate share of net position and change in net position were $47,388,772 and $1,634,266, respectively. The Village's equity share in joint venture is reported separately on the statement of net position within governmental activities.

The Village made no payments to CEA for the year ended December 31, 2025.

12. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Individual fund interfund receivables/payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 48,850
Nonmajor Governmental	General	1,200,000
Fiduciary	General	3,539,452
TOTAL		$ 4,788,302

The purposes of significant due from/due to other funds are as follows:

- $48,850 due from nonmajor governmental (Grant Fund) to the General Fund to eliminate negative cash. Payment is expected within one year.

- $1,200,000 due from the General Fund to nonmajor governmental (Capital Projects Fund) related to a Village Board-approved distribution from the General Fund's surplus fund balance policy. Payment is expected within one year.

12. INDIVIDUAL FUND DISCLOSURES (Continued)

a. Due From/To Other Funds (Continued)

- $3,539,452 due from the General Fund to fiduciary funds (Police and Firefighters' Pension Funds) related to property taxes received after year-end and a Village Board-approved distribution from the General Fund's surplus fund balance policy. Payment is expected within one year.

b. Advances From/To Other Funds

Advances from/to other funds at December 31, 2025 consisted of the following:

Receivable Fund	Payable Fund	Amount
Waterworks and Sewerage	Capital Equipment Replacement	$ 1,017,640
TOTAL		$ 1,017,640

The purposes of the advances from/to other funds are as follows:

- $1,017,640 advance from the Waterworks and Sewerage Fund to the Capital Equipment Replacement Fund for future replacement of equipment. Repayment is not expected within one year.

c. Interfund Transfers

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

	Transfers In	Transfers Out
General		
Capital Equipment Replacement	$ -	$ 2,408,140
Nonmajor Governmental	-	2,371,420
Total General	-	4,779,560
Capital Equipment Replacement		
General	2,408,140	-
Waterworks and Sewerage	-	45,910
Total Capital Equipment Replacement	2,408,140	45,910

12. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Interfund Transfers (Continued)

	Transfers In	Transfers Out
Waterworks and Sewerage		
Capital Equipment Replacement	45,910	-
Nonmajor Governmental	343,394	1,750,000
Total Waterworks and Sewerage	389,304	1,750,000
Nonmajor Governmental		
General	2,371,420	-
Nonmajor Governmental	1,068,750	1,068,750
Waterworks and Sewerage	1,750,000	343,394
Total Nonmajor Governmental	5,190,170	1,412,144
TOTAL	$ 7,987,614	$ 7,987,614

The purpose of significant transfers is as follows:

- $2,408,140 transferred to the Capital Equipment Replacement Fund from the General Fund for the purchase of equipment. This transfer will not be repaid.
- $1,200,000 transferred to the Nonmajor Governmental (Capital Projects Fund) from the General Fund from the General Fund's surplus fund balance policy to pay for capital projects. This transfer will not be repaid.
- $1,068,750 transferred to the Nonmajor Governmental (Debt Service Fund) from the Capital Projects Fund for principal and interest expense. This transfer will not be repaid.
- $343,394 transferred to Waterworks and Sewerage Fund from the Nonmajor Governmental (Storm Water Fund) to cover expenditures for the fiscal year. This transfer will not be repaid.

12. INDIVIDUAL FUND DISCLOSURES (Continued)

c. Interfund Transfers (Continued)

- $1,750,000 transferred to the Nonmajor Governmental (Storm Water Fund) from the Waterworks and Sewerage Fund to pay for capital projects. This transfer will not be repaid.

- $171,420 transferred to the Nonmajor Governmental (Grant Fund) from the General Fund to cover certain grant matching costs. This transfer will not be repaid.

13. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts.

The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental and business-type activities.

b. Benefits Provided

The Village provides postemployment health care and life insurance benefits to its retirees and certain disabled employees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. All health care benefits are provided through the Village's health insurance plan with IPBC. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; and prescriptions. Upon a retiree reaching age 65 years, Medicare becomes the primary insurer and the Village's plan becomes secondary. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the Village is required to pay 100% of the cost of basic health insurance for the employee and their dependents until Medicare age is reached.

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided (Continued)

The Village also provides explicit retiree benefits to the following:

- Police retirees hired prior to August 15, 1981, who have retied prior to August 7, 1995, receive single coverage at no cost.

- Police retirees hired prior to August 15, 1981, who have retied after August 7, 1995, receive single coverage but must pay the same rate as active employees.

- All other retirees hired prior to August 15, 1981, receive single coverage at no cost, regardless of when they retired.

c. Membership

At December 31, 2025, membership consisted of:

Retirees and beneficiaries currently receiving benefits	84
Terminated employees entitled to benefits but not yet receiving them	-
Duty disabled participants	8
Active employees	207
TOTAL	299
Participating employers	1

d. Total OPEB Liability

The Village's total OPEB liability of $18,854,700 was measured as of December 31, 2025 and was determined by an actuarial valuation as of December 31, 2025.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2025, as determined by an actuarial valuation as of December 31, 2025, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry-age normal
Actuarial value of assets	Not applicable
Salary increases	3.00%
Discount rate	4.83%
Healthcare cost trend rates	6.50% Initial 5.00% Ultimate

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Actuarial Assumptions and Other Inputs (Continued)

The discount rate was based on The Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

f. Changes in the Total OPEB Liability

	Total OPEB Liability
BALANCES AT JANUARY 1, 2025	$ 18,211,753
Changes for the period	
Service cost	544,625
Interest	724,844
Differences between expected and actual experience	1,125,591
Assumption changes*	(860,187)
Benefit payments	(891,926)
Net changes	642,947
BALANCES AT DECEMBER 31, 2025	$ 18,854,700

*There were changes in assumptions related to the discount rate from 4.08% to 4.83%.

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 4.83% as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.83%) or 1 percentage point higher (5.83%) than the current rate:

	1% Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB liability	$ 21,109,132	$ 18,854,700	$ 16,953,630

13. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of (5.00% to 6.50%) as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.00% to 5.50%) or 1 percentage point higher (6.00% to 7.50%) than the current rate:

	1% Decrease (4.00% to 5.50%)	Current Healthcare Rate (5.00% to 6.50%)	1% Increase (6.00% to 7.50%)
Total OPEB liability	$ 16,765,731	$ 18,854,700	$ 21,396,676

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

For the year ended December 31, 2025, the Village recognized OPEB expense of $1,316,295. At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,141,266	$ 1,268,951
Changes in assumptions	2,417,801	2,543,239
TOTAL	$ 3,559,067	$ 3,812,190

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

Year Ending December 31,	
2026	$ 46,826
2027	158,668
2028	(149,797)
2029	(302,654)
2030	(294,589)
Thereafter	288,423
TOTAL	$ (253,123)

14. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions

Illinois Municipal Retirement Fund

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an 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. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by ILCS and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org. The Police and Firefighters' Pension Plans do not issue separate reports.

The table below is a summary for all pension plans as of and for the year ended December 31, 2025:

	IMRF	Police Pension	Firefighters' Pension	Total
Net pension liability (asset)	$ (1,430,761)	$ 19,448,964	$ 22,424,431	$ 40,442,634
Deferred outflows of resources	1,745,077	1,922,557	3,750,530	7,418,164
Deferred inflows of resources	4,313,620	5,887,387	5,702,031	15,903,038
Pension expense (revenue)	845,004	3,263,962	3,263,898	7,372,864

Plan Administration

All employees (other than those covered by the Police and Firefighters' Pension Plans) 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.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2025, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	166
Inactive employees entitled to but not yet receiving benefits	59
Active employees	97
TOTAL	322

Benefits Provided

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The required employer contribution for the year ended December 31, 2025 was 9.91% of covered payroll.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2025
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Cost of living adjustments	2.25%
Asset valuation method	Fair value

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.

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2025, was 7.25%. 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 the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Long-Term Expected Rate of Return

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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	32.50%	7.35%
International equity	18.00%	7.45%
Fixed income	24.00%	4.75%
Real estate	10.50%	6.35%
Alternative investments	14.00%	3.90% to 8.50%
Cash equivalents	1.00%	3.00%
TOTAL	100.00%	

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2025	$ 81,496,200	$ 77,207,371	$ 4,288,829
Changes for the period			
Service cost	958,012	-	958,012
Interest	5,777,575	-	5,777,575
Difference between expected and actual experience	1,516,683	-	1,516,683
Changes in assumptions	-	-	-
Employer contributions	-	1,011,899	(1,011,899)
Employee contributions	-	459,050	(459,050)
Net investment income	-	11,994,148	(11,994,148)
Benefit payments and refunds	(4,569,023)	(4,569,023)	-
Other (net transfer)	-	506,763	(506,763)
Net changes	3,683,247	9,402,837	(5,719,590)
BALANCES AT DECEMBER 31, 2025	$ 85,179,447	$ 86,610,208	$ (1,430,761)

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2025, the Village recognized pension expense (income) of $845,004.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,741,343	$ 18,895
Changes in assumption	3,734	-
Net difference between projected and actual earnings on pension plan investments	-	4,294,725
TOTAL	$ 1,745,077	$ 4,313,620

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

Year Ending December 31,	
2026	$ 1,963,255
2027	(1,628,434)
2028	(1,605,255)
2029	(1,298,109)
2030	-
Thereafter	-
TOTAL	$ (2,568,543)

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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 Village calculated using the discount rate of 7.25% as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	$ 8,284,397	$ (1,430,761)	$ (9,243,711)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village 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:

Inactive plan members currently receiving benefits	64
Inactive plan members entitled to but not yet receiving benefits	17
Active plan members	59
TOTAL	140

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half 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 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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 2.50% of salary for each year of service. The monthly benefit 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% of the original pension, and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% 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% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS 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 Village is required to contribute the remaining amounts necessary to

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions (Continued)

finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. The Village has chosen a policy to fund 100% of the past service costs by 2040. For the year ended December 31, 2025, the Village's contribution was 44.24% of covered payroll.

Illinois Police Officers' Pension Investment 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 as defined in 40 ILCS 5/22B-105. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory.

Deposits with Financial Institutions

The plan retains all of its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the plan. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the plan.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the plan's deposits may not be returned to it. The plan's investment policy requires pledging of collateral for all bank balances held in the plan's name in excess of federal depository insurance, at amounts ranging from 110% to 115% of the fair market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank.

Investments

Investments of the plan 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 as of June 30, 2025. A copy of that report can be obtained from IPOPIF at 456 Fulton Street, Suite 402, Peoria, Illinois 61602 or at www.ipopif.org.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Fair Value Measurement

The plan categorizes fair value measurements within the fair value hierarchy established by GAAP. 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; and Level 3 inputs are significant unobservable inputs. The plan held no investments subject to fair value measurement at December 31, 2025.

Net Asset Value

The Net Asset Value (NAV) of the plan's pooled investment in IPOPIF was $83,362,016 at December 31, 2025. The pooled investments consist of the investments as noted in the target allocation table below. 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 December 31, 2025. The plan 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 investment policy was originally adopted by the Board of Trustees on December 17, 2021. IPOPIF has the authority to invest trust fund assets in any type of security subject to the requirements and restrictions set forth in the Illinois Pension Code and is not restricted by the Pension Code sections that pertain exclusively to the Article 3 participating police pension funds. IPOPIF shall be subject to the provisions of the Illinois Pension Code including, but not limited to, utilization of emerging investment managers and utilization of businesses owned by minorities, women, and persons with disabilities.

Investment 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.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2025 was 7.25%. 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 the Village contributions will be made at rates equal to the difference between 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 projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2025	$101,179,710	$ 74,137,857	$ 27,041,853
Changes for the period			
Service cost	1,411,345	-	1,411,345
Interest	7,138,145	-	7,138,145
Difference between expected and actual experience	634,386	-	634,386
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Employer contributions	-	3,200,045	(3,200,045)
Employee contributions	-	706,624	(706,624)
Other contributions	-	78,091	(78,091)
Net investment income	-	12,850,263	(12,850,263)
Benefit payments and refunds	(5,445,085)	(5,445,085)	-
Administrative expense	-	(58,258)	58,258
Net changes	3,738,791	11,331,680	(7,592,889)
BALANCES AT DECEMBER 31, 2025	$104,918,501	$ 85,469,537	$ 19,448,964

The funded status as of December 31, 2025 is 81.46%.

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2025
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.00% to 8.93%
Interest rate	7.25%
Cost of living adjustments	3.25% (Tier 1) 3.25% (Tier 2)
Asset valuation method	Fair value

The Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data mortality table was used to measure mortality rates.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.25% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	$ 33,380,888	$ 19,448,964	$ 7,988,501

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2025, the Village recognized pension expense of $3,263,962. At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,516,512	$ 718,020
Changes in assumptions	406,045	-
Net difference between projected and actual earnings on pension plan investments	-	5,169,367
TOTAL	$ 1,922,557	$ 5,887,387

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

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

Year Ending December 31,	
2026	$ 1,056,111
2027	(2,205,781)
2028	(1,592,910)
2029	(1,270,653)
2030	48,403
Thereafter	-
TOTAL	$ (3,964,830)

14. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan

Plan Administration

Firefighter sworn personnel are covered by the Firefighters' Pension Plan, a single-employer defined benefit pension plan sponsored by the Village. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village President, one member is elected by pension beneficiaries, and two members are elected by active firefighter employees.

Plan Membership

At December 31, 2025, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	61
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	51
TOTAL	118

The following is a summary of benefits of the plan as provided for in ILCS:

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit 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% of the original pension, and 3% compounded annually thereafter.