VILLAGE OF MELROSE PARK, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

1000 North 25th Avenue
Melrose Park, Illinois 60160
Phone: 708.343.4000
www.melrosepark.org

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INDEPENDENT AUDITOR'S REPORT

This section includes the opinion of the Village’s independent auditing firm.

Lauterbach & Amen
668 N. River Road
Naperville, IL 60563
630.393.1483
lauterbachamen.com

INDEPENDENT AUDITOR'S REPORT

July 8, 2026

The Honorable Mayor
Members of the Board of Trustees
Village of Melrose Park, Illinois

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Melrose Park, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2026, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Village of Melrose Park (the Village), Illinois' financial performance provides an overview of the Village's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the Village's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year as of December 31, 2025, liabilities and deferred inflows of the Village exceeded the total assets and deferred outflows by $30,464,311. This amount represents net position. During the year, government-wide revenues totaled $117,825,325, while expenses totaled $97,941,156, resulting in an increase of net position of $19,884,169.

- The Village's net position at December 31, 2025 increased as a result of this year's operations. Net position of business-type activities increased by $3,518,460, or 7.6 percent and net position of the governmental activities increased by $16,365,709 or 45.6 percent. The primary contributing factor for the increase in business-type activities net position was the increase in water billing revenue, it was approximately $2.8 million higher in the current year compared to the prior year. Increases in intergovernmental revenue and state grants were primarily responsible for an increase to governmental activities net position.

- The Village's net position as of December 31, 2025 totaled $30,464,311 which includes $89,828,354 net investment in capital assets and $34,968,322 subject to external restrictions. The net investment in capital assets increased by $1,901,864 as a result of the Village's continued efforts to improve capital infrastructure, while paying down long-term debt.

- Total governmental funds reported combined ending fund balance of $101,115,891 of which $65,707,113 is unassigned and available for spending at the Village's discretion. The unassigned fund balance increased $7,975,141 due largely to a surplus within the General Fund as described below.

- The General Fund reported a surplus this year of $8,359,620, resulting in ending fund balance of $68,087,759, an increase of 14.0 percent. This surplus was largely due to increases in revenues such as intergovernmental revenues (sales tax, home rule sales tax, income tax), there was also $2.4 million in investment income revenue recognized in the current year, due to more investment activity in the current year. At the end of the fiscal year, the unassigned fund balance for the General Fund was $65,707,113 or 99.5 percent of total expenditures and transfers for the fiscal year and approximately 98.4 percent of fiscal year 2025 budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A serves as an introduction to the Village's basic financial statements that are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Government-wide financial statements provide information on the finances of the Village as a whole and present a long-term view of the Village's finances. Fund financial statements tell how the Village's activities were financed in the short-term as well as what remains for future spending. They also report in greater detail than the government wide statements. Together, these statements allow for in-depth comparison of the Village's financial activities, and for comparison with the financial state of other governments. The notes to the financial statements provide additional information essential to a full understanding of the basic financial statements. This annual report also contains supplementary information required by Governmental Accounting Standards Board (GASB).

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Statements

The *Government-Wide Financial Statements* provide readers with a broad overview of the Village's finances, in a manner similar to private-sector business. The financial statements' focus is on both the Village as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the Village's accountability.

The *Statement of Net Position* reports information on all of the Village's assets/deferred outflows and liabilities/ deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Village's property tax base and the condition of the Village's infrastructure, is needed to assess the overall health of the Village.

The *Statement of Activities* presents information showing how the government'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 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, highways and streets, refuse, culture and recreation, Hispanic liaison center, and community development. The business-type activities of the Village include water and sewer operations.

The Village includes one separate legal entity in its report. The Melrose Park Public Library is presented as a discretely presented component unit. Although legally separate, this "component unit" is important because the Village is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements provide more detailed information about the Village's most significant funds, rather than about the Village as a whole. 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Village's near-term financing requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Fund Financial Statements - Continued

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

The Village maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Mid-Metro TIF, and Senior First TIF which are considered major funds. Data from the other seven nonmajor governmental funds are combined into a single, aggregated presentation.

The Village adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds is provided to demonstrate compliance with this budget.

Proprietary Funds: There are two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The Village does not maintain internal service funds.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the Village.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's funding of I.M.R.F., Police and Firefighters' pension obligations to provide retirement benefits to its employees, and post-employment retirement benefit obligations. In addition, schedules of budgetary comparison schedules for funds is also presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents the net position as of December 31, 2025. Net position serves over time as a useful indicator of a government's financial position. The following tables show that assets/deferred outflows exceeded liabilities/deferred inflows by $30,464,311.

	Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	12/31/25	12/31/24	12/31/25	12/31/24	12/31/25	12/31/24
Current and Other Assets	$ 130,840,439	116,531,113	27,908,251	22,290,849	158,748,690	138,821,962
Capital Assets	68,285,588	66,948,115	33,428,390	34,174,312	101,713,978	101,122,427
Total Assets	199,126,027	183,479,228	61,336,641	56,465,161	260,462,668	239,944,389
Deferred Outflows	16,781,938	15,051,597	2,521,782	2,577,134	19,303,720	17,628,731
Total Assets and Deferred Outflows	215,907,965	198,530,825	63,858,423	59,042,295	279,766,388	257,573,120
Noncurrent Liabilities	183,706,523	191,277,391	8,664,551	7,827,744	192,371,074	199,105,135
Other Liabilities	15,295,460	9,719,446	3,635,742	3,071,376	18,931,202	12,790,822
Total Liabilities	199,001,983	200,996,837	12,300,293	10,899,120	211,302,276	211,895,957
Deferred Inflows	36,423,671	33,417,386	1,576,130	1,679,635	37,999,801	35,097,021
Total Liabilities and Inflows	235,425,654	234,414,223	13,876,423	12,578,755	249,302,077	246,992,978
Net Position						
Net Investment in Capital Assets	56,399,964	53,752,178	33,428,390	34,174,312	89,828,354	87,926,490
Restricted	34,383,216	31,893,868	585,106	60,935	34,968,322	31,954,803
Unrestricted (Deficit)	(110,300,869)	(121,529,444)	15,968,504	12,228,293	(94,332,365)	(109,301,151)
Total Net Position	(19,517,689)	(35,883,398)	49,982,000	46,463,540	30,464,311	10,580,142

A portion of the Village's net position, $89,828,354 reflects its investment in capital assets (for example, land, land improvements, construction in progress, improvements other than buildings, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, $34,968,322 of the Village's net position represents resources that are subject to external restrictions on how they may be used. The remaining $94,332,365, represents unrestricted (deficit) net position and may be used to meet the government's ongoing obligations to citizens and creditors.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

	Change in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	12/31/25	12/31/24	12/31/25	12/31/24	12/31/25	12/31/24
Revenues						
Program Revenues						
Charges for Services	$ 7,524,757	7,321,825	36,316,663	34,240,531	43,841,420	41,562,356
Operating Grants/Contributions	7,372,488	3,687,327	—	459,372	7,372,488	4,146,699
Capital Grants/Contributions	707	210,856	—	—	707	210,856
General Revenues						
Property	22,381,919	27,027,001	—	—	22,381,919	27,027,001
Sales	28,574,065	26,918,877	—	—	28,574,065	26,918,877
Telecommunications	296,685	307,243	—	—	296,685	307,243
Amusement	480,471	513,710	—	—	480,471	513,710
Other Taxes	2,342,097	2,227,407	—	—	2,342,097	2,227,407
State Income Tax	4,471,817	4,210,865	—	—	4,471,817	4,210,865
Replacement Tax	1,854,426	2,171,679	—	—	1,854,426	2,171,679
State Gaming Revenue	892,665	849,306	—	—	892,665	849,306
ARPA	—	2,227,857	—	—	—	2,227,857
Other General Revenues	5,313,163	3,700,749	3,402	17,479	5,316,565	3,718,228
Total Revenues	81,505,260	81,374,702	36,320,065	34,717,382	117,825,325	116,092,084
Expenses						
General Government	6,712,284	4,160,749	—	—	6,712,284	4,160,749
Public Safety	33,402,043	31,538,117	—	—	33,402,043	31,538,117
Highways and Streets	12,251,839	11,133,801	—	—	12,251,839	11,133,801
Refuse	2,638,958	2,524,480	—	—	2,638,958	2,524,480
Culture and Recreation	3,354,903	2,997,552	—	—	3,354,903	2,997,552
Hispanic Liaison Center	258,083	253,425	—	—	258,083	253,425
Community Development	6,068,745	5,348,423	—	—	6,068,745	5,348,423
Interest on Long-Term Debt	452,696	582,261	—	—	452,696	582,261
Water and Sewer	—	—	32,801,605	33,107,315	32,801,605	33,107,315
Total Expenses	65,139,551	58,538,808	32,801,605	33,107,315	97,941,156	91,646,123
Change in Net Position	16,365,709	22,835,894	3,518,460	1,610,067	19,884,169	24,445,961
Net Position - Beginning	(35,883,398)	(58,719,292)	46,463,540	44,853,473	10,580,142	(13,865,819)
Net Position - Ending	(19,517,689)	(35,883,398)	49,982,000	46,463,540	30,464,311	10,580,142

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Net position of the Village's governmental activities increased by 45.6 percent (deficit $19,517,689 for December 31, 2025 compared to deficit $35,883,398 for December 31, 2024). Net position of business-type activities increased by 7.6 percent ($49,982,000 for December 31, 2025 compared to $46,463,540 for December 31, 2024).

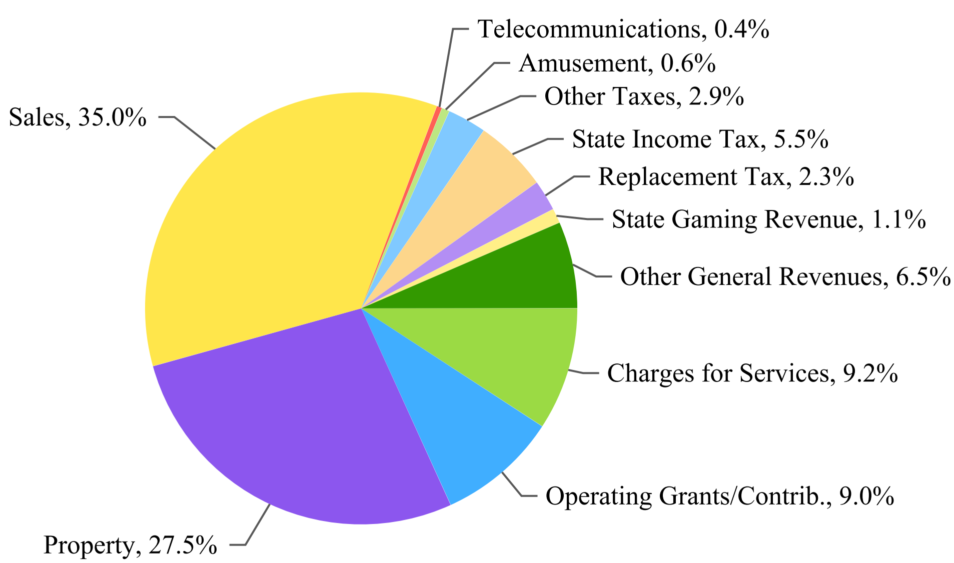
Revenues for governmental activities totaled $81,505,260, while the cost of all governmental functions totaled $65,139,551. This results in a surplus of $16,365,709. For December 31, 2024, revenues of $81,374,702 exceeded expenses of $58,538,808, resulting in a surplus of $22,835,894.

Governmental Activities

The surplus for December 31, 2025 was due in large part to significant increases for revenues including sales taxes increasing by $1.7 million. Food and Beverage tax revenue continued to trend upward (approximately $141,000). In Fiscal Year 2025 state income tax revenue was $261,000 higher than in Fiscal Year 2024. Another large reason for the increase is a $2.4 million increase in investment income due to increased activity in investment accounts for the Village. The remainder of the increase is due to increases in revenues overall, not attributed to a specific source.

The following chart graphically depicts the major revenue sources of the Village. The Village relies most heavily on property taxes and sales taxes. The chart also clearly identifies the less significant percentage the Village receives from telecommunications, amusement, state gaming revenue taxes, and other taxes.

Revenue by Source - Governmental Activities



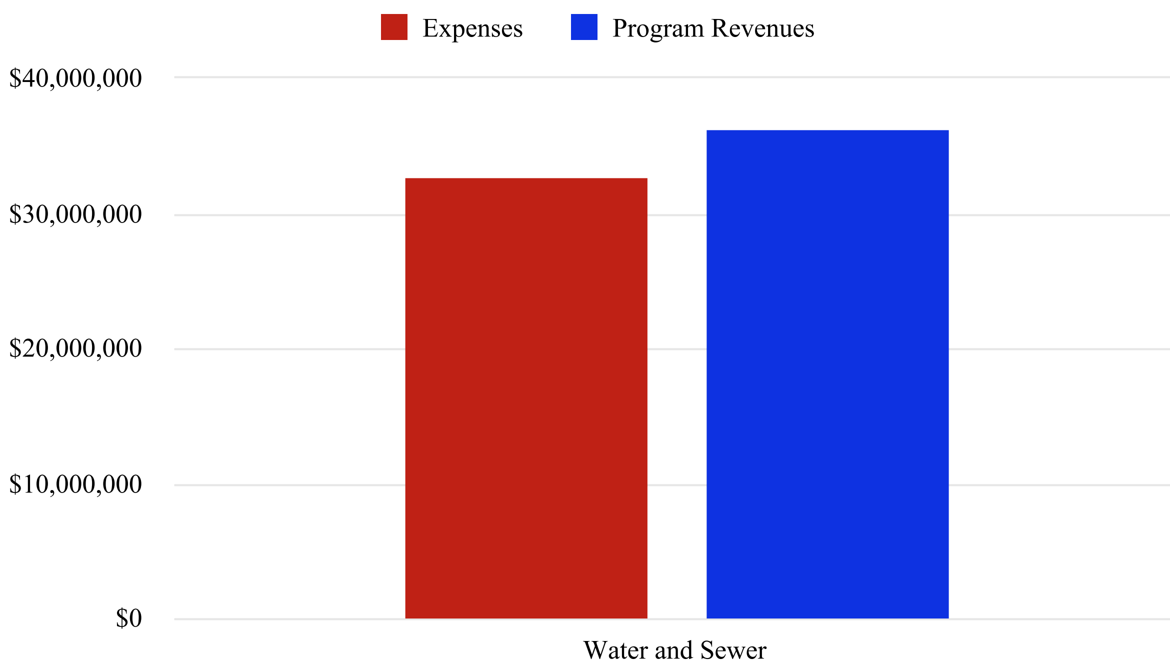
GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Business-Type Activities

Business-type activities posted total revenues of $36,320,065, while the cost of all business-type activities totaled $32,801,605. This results in a surplus of $3,518,460. For December 31, 2024, revenues of $34,717,382 exceed expenses of $33,107,315, resulting in a surplus of $1,610,067. The surplus for December 31, 2025 was due to the Village billing all wholesale accounts for water and transmission in the current year while some accounts in the prior year were only billed for transmissions.

This graph compares program revenues to expenses for the water and sewer.

Expenses and Program Revenues - Business-Type Activties



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The Village's governmental funds reported combining ending fund balances of $101,115,891, which is $10,914,140, or 12.1 percent, greater than last year's total of $90,201,751. Of the $101,115,891 total, $65,707,113, or approximately 65.0 percent, of the fund balance constitutes unassigned fund balance.

The General Fund is the chief operating fund of the Village. As mentioned earlier, the General Fund reported an increase in fund balance for the year of $8,359,620, or 14.0 percent. This surplus was largely due to the increase of intergovernmental revenues and investment income revenues related to investment activity within the General Fund.

At December 31, 2025, unassigned fund balance in the General Fund was $65,707,113, which represents 96.5 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 99.5 percent of total General Fund expenditures and transfers.

The Mid-Metro TIF Fund reported an increase in fund balance of $366,656. This surplus is mainly due to property tax and rental receipts being higher than debt and development expenditures for the year.

The Senior First TIF Fund had an increase in fund balance of $492,355. This surplus is mainly due to property tax and rental receipts being higher than development expenditures for the year.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Village reports the Water and Sewer Fund as a major proprietary fund and accounts for operations of the water distribution system and sewer system.

The Water and Sewer Fund has a surplus in the current fiscal year was $3,518,460, was due to the Village billing all wholesale accounts for water and transmission in the current year while some accounts in the prior year were only billed for transmissions. Unrestricted net position in the Water Fund totaled $15,968,504 at December 31, 2025.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Trustees made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled $74,303,040, compared to budgeted revenues of $67,851,760. Revenues for all functions were higher than budgeted except for intergovernmental, licenses, permits, and fees, and charges for services which were under budget by $1,576,620, $26,607, and $79,316 respectively.

The General Fund actual expenditures for the year were $1,838,669 lower than budgeted ($64,920,081 actual compared to $66,758,750 budgeted). We expected the purchase and delivery of a $1.4 million aerial ladder fire engine as well as a $400,000 rescue squad/command vehicle in 2025, however, they were not purchased before year end due to supply chain complications.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental and business type activities as of December 31, 2025 was $101,713,978 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, improvements other than buildings, buildings, machinery and equipment, vehicles, and infrastructure.

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Totals	
	12/31/25	12/31/24	12/31/25	12/31/24	12/31/25	12/31/24
Land	$ 27,897,019	27,571,249	699,347	699,347	28,596,366	28,270,596
Land Improvements	—	—	12,479	12,479	12,479	12,479
Construction in Progress	3,068,716	1,515,568	—	—	3,068,716	1,515,568
Improvements Other than Buildings	5,716,719	5,862,643	—	—	5,716,719	5,862,643
Buildings	11,503,009	11,491,544	650,666	676,408	12,153,675	12,167,952
Machinery and Equipment	966,705	946,648	494,016	494,355	1,460,721	1,441,003
Vehicles	2,879,912	2,893,874	94,905	114,042	2,974,817	3,007,916
Infrastructure	16,253,508	16,666,589	31,476,977	32,177,681	47,730,485	48,844,270
Totals	68,285,588	66,948,115	33,428,390	34,174,312	101,713,978	101,122,427

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Capital Assets - Continued

This year's major additions included:

Land	$ 325,770
Construction in Progress	1,553,148
Buildings	566,672
Machinery and Equipment	235,064
Vehicles	654,428
Infrastructure	162,739
	3,497,821

Additional information on the Village's capital assets can be found in Note 3 of this report.

Debt Administration

At year-end, the Village had long-term debt outstanding in the total of $196,557,736. The amount outstanding as compared to the previous year was $202,352,778 a decrease of $5,795,042.The debt administration discussion covers seven main types of debt reported by the Village's financial statements: bonds payable, claims payable, loans payable, the total OPEB liability, and net pension liability. Bonds and loans payable decreased due to the payment of scheduled principal maturities during the year. The other significant changes in long term debt were the decrease in the net pension liabilities due to increased funding of the pension plans as well as plan changes that affected the valuation of OPEB.

	Long-Term Liabilities Outstanding					
	Governmental Activities		Business-Type Activities		Totals	
	12/31/25	12/31/24	12/31/25	12/31/24	12/31/25	12/31/24
Net Pension Liability	$ 109,691,867	121,959,494	—	—	109,691,867	121,959,494
Total OPEB Liability	64,974,670	58,582,297	8,980,119	7,827,744	73,954,789	66,410,041
General Obligation Bonds	11,540,000	12,830,000	—	—	11,540,000	12,830,000
Loans Payable	106,667	116,667	—	—	106,667	116,667
Claims Payable	1,110,663	910,896	153,750	125,680	1,264,413	1,036,576
	187,423,867	194,399,354	9,133,869	7,953,424	196,557,736	202,352,778

See Note 3 for a detailed description of the Village's long-term liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village is presently marketing the Village and working with developers to encourage new development. The Village is located in an Illinois enterprise zone and has the advantages of several incentive packages to industry that help keep it competitive as compared to other industrial locations. Also, the Village has approved a number of tax increment financing districts and economic incentive agreements within the Village's boundaries. Other factors bearing on the Village's future are real estate tax objections/refunds, increases in water rates charges and inflation.

REQUESTS FOR INFORMATION

This financial report is designed provide citizens, customers, investors and creditors and for all those with an interest in the government's finances, a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Business Office, Village of Melrose Park, 1000 North 25th Avenue, Melrose Park, Illinois 60160.

BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

Fund Financial Statements

- Governmental Funds
- Proprietary Fund
- Fiduciary Funds

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

Statement of Net Position
December 31, 2025

See Following Page

Statement of Net Position
December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Melrose Park Public Library
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 97,512,165	19,947,892	117,460,057	60,546
Receivables - Net of Allowances	34,718,705	4,857,176	39,575,881	1,418,249
Internal Balances	(2,273,040)	2,273,040	—	—
Prepaids	620,458	245,037	865,495	12,613
Total Current Assets	130,578,288	27,323,145	157,901,433	1,491,408
Noncurrent Assets				
Capital Assets				
Nondepreciable	30,965,735	711,826	31,677,561	333,332
Depreciable	73,755,875	56,324,957	130,080,832	1,227,993
Accumulated Depreciation	(36,436,022)	(23,608,393)	(60,044,415)	(921,157)
Total Capital Assets	68,285,588	33,428,390	101,713,978	640,168
Other Assets				
Net Pension Asset - IMRF	262,151	585,106	847,257	—
Total Noncurrent Assets	68,547,739	34,013,496	102,561,235	640,168
Total Assets	199,126,027	61,336,641	260,462,668	2,131,576
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	419,430	936,147	1,355,577	—
Deferred Items - Police Pension	2,325,294	—	2,325,294	—
Deferred Items - Firefighters' Pension	2,564,522	—	2,564,522	—
Deferred Items - RBP	11,472,692	1,585,635	13,058,327	—
Total Deferred Outflows of Resources	16,781,938	2,521,782	19,303,720	—
Total Assets and Deferred Outflows of Resources	215,907,965	63,858,423	279,766,388	2,131,576

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Melrose Park Public Library
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 8,282,106	3,166,424	11,448,530	15,631
Accrued Payroll	325,084	—	325,084	—
Accrued Interest Payable	17,344	—	17,344	—
Insurance Claims Payable	419,126	153,750	572,876	42,244
Deposits Payable	388,000	—	388,000	537,643
Other Payables	2,219,958	—	2,219,958	—
Current Portion of Long-Term Liabilities	3,643,842	315,568	3,959,410	—
Total Current Liabilities	15,295,460	3,635,742	18,931,202	595,518
Noncurrent Liabilities				
Net Pension Liability - Police Pension	51,265,973	—	51,265,973	—
Net Pension Liability - Firefighters' Pension	58,425,894	—	58,425,894	—
Total OPEB Liability - RBP	62,690,828	8,664,551	71,355,379	—
General Obligation Bonds Payable - Net	10,535,624	—	10,535,624	—
Loans Payable	96,667	—	96,667	—
Insurance Claims Payable	691,537	—	691,537	—
Total Noncurrent Liabilities	183,706,523	8,664,551	192,371,074	—
Total Liabilities	199,001,983	12,300,293	211,302,276	595,518
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	17,626,950	—	17,626,950	959,136
Grants	201,173	—	201,173	—
Deferred Items - IMRF	182,048	406,323	588,371	—
Deferred Items - Police Pension	4,156,573	—	4,156,573	—
Deferred Items - Firefighters' Pension	5,792,920	—	5,792,920	—
Deferred Items - RBP	8,464,007	1,169,807	9,633,814	—
Total Deferred Inflows of Resources	36,423,671	1,576,130	37,999,801	959,136
Total Liabilities and Deferred Inflows of Resources	235,425,654	13,876,423	249,302,077	1,554,654
NET POSITION				
Net Investment in Capital Assets	56,399,964	33,428,390	89,828,354	640,168
Restricted				
Illinois Municipal Retirement	262,151	585,106	847,257	—
Fire Protection	1,078,803	—	1,078,803	—
Crossing Guards	31,474	—	31,474	—
Highways and Streets	4,104,319	—	4,104,319	—
Community Development	25,400,519	—	25,400,519	—
Debt Service	3,505,950	—	3,505,950	—
Unrestricted (Deficit)	(110,300,869)	15,968,504	(94,332,365)	(63,246)
Total Net Position	(19,517,689)	49,982,000	30,464,311	576,922

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

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

		Program Revenues		
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	$ 6,712,284	3,324,902	5,631,965	—
Public Safety	33,402,043	3,470,963	608,507	—
Highways and Streets	12,251,839	—	1,132,016	707
Refuse	2,638,958	—	—	—
Culture and Recreation	3,354,903	—	—	—
Hispanic Liaison Center	258,083	—	—	—
Community Development	6,068,745	728,892	—	—
Interest on Long-Term Debt	452,696	—	—	—
Total Governmental Activities	65,139,551	7,524,757	7,372,488	707
Business-Type Activities				
Water and Sewer	32,801,605	36,316,663	—	—
Total Primary Government	97,941,156	43,841,420	7,372,488	707
Component Unit				
Melrose Park Public Library	1,011,451	—	36,574	—

General Revenues
Taxes
Property
Sales
Telecommunications
Amusement
Other Taxes
Intergovernmental - Unrestricted
State Income Tax
Replacement Tax
State Gaming Revenue
Interest Income
Miscellaneous

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses)/Revenues			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	Melrose Park Public Library
2,244,583	—	2,244,583	—
(29,322,573)	—	(29,322,573)	—
(11,119,116)	—	(11,119,116)	—
(2,638,958)	—	(2,638,958)	—
(3,354,903)	—	(3,354,903)	—
(258,083)	—	(258,083)	—
(5,339,853)	—	(5,339,853)	—
(452,696)	—	(452,696)	—
(50,241,599)	—	(50,241,599)	—
—	3,515,058	3,515,058	—
(50,241,599)	3,515,058	(46,726,541)	—
—	—	—	(974,877)
22,381,919	—	22,381,919	968,392
28,574,065	—	28,574,065	—
296,685	—	296,685	—
480,471	—	480,471	—
2,342,097	—	2,342,097	—
4,471,817	—	4,471,817	—
1,854,426	—	1,854,426	—
892,665	—	892,665	—
3,086,170	3,402	3,089,572	—
2,226,993	—	2,226,993	6,567
66,607,308	3,402	66,610,710	974,959
16,365,709	3,518,460	19,884,169	82
(35,883,398)	46,463,540	10,580,142	576,840
(19,517,689)	49,982,000	30,464,311	576,922

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

Balance Sheet - Governmental Funds
December 31, 2025

	General
ASSETS	
Cash and Investments	$ 64,919,209
Receivables - Net of Allowances	
Property Taxes	25,188,373
Utility Taxes	402,000
Other Receivables	3,834,158
Due from Other Governments	4,546,950
Advances to Other Funds	649,911
Prepaids	620,458
Total Assets	100,161,059
LIABILITIES	
Accounts Payable	3,660,044
Accrued Payroll	325,084
Insurance Claims Payable	419,126
Deposits Payable	388,000
Other Payables	2,219,958
Advances from Other Funds	3,243,524
Due to Other Funds	4,494,002
Total Liabilities	14,749,738
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	17,317,350
Grants	6,212
Total Deferred Inflows of Resources	17,323,562
Total Liabilities and Deferred Inflows of Resources	32,073,300
FUND BALANCES	
Nonspendable	1,270,369
Restricted	1,110,277
Unassigned	65,707,113
Total Fund Balances	68,087,759
Total Liabilities, Deferred Inflows of Resources and Fund Balances	100,161,059

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

Special Revenue			
Mid-Metro TIF	Senior First TIF	Nonmajor	Totals
9,120,531	190,788	23,281,637	97,512,165
—	—	451,877	25,640,250
—	—	—	402,000
—	—	—	3,834,158
—	—	295,347	4,842,297
—	653,384	735,850	2,039,145
—	—	—	620,458
9,120,531	844,172	24,764,711	134,890,473
95,783	400	31,877	3,788,104
—	—	—	325,084
—	—	—	419,126
—	—	—	388,000
—	—	—	2,219,958
649,511	—	419,150	4,312,185
—	—	—	4,494,002
745,294	400	451,027	15,946,459
—	—	309,600	17,626,950
—	—	194,961	201,173
—	—	504,561	17,828,123
745,294	400	955,588	33,774,582
—	—	—	1,270,369
8,375,237	843,772	23,809,123	34,138,409
—	—	—	65,707,113
8,375,237	843,772	23,809,123	101,115,891
9,120,531	844,172	24,764,711	134,890,473

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

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

Total Governmental Fund Balances	$ 101,115,891
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds.	68,285,588
A net pension asset is not considered to represent a financial resources and therefore is not reported in the funds.	
Net Pension Asset - IMRF	262,151
Deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Deferred Items - IMRF	237,382
Deferred Items - Police Pension	(1,831,279)
Deferred Items - Firefighters' Pension	(3,228,398)
Deferred Items - RBP	3,008,685
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net Pension Liability - Police Pension	(51,265,973)
Net Pension Liability - Firefighters' Pension	(58,425,894)
Total OPEB Liability - RBP	(64,974,670)
Insurance Claims Payable	(691,537)
General Obligation Bonds Payable - Net	(11,885,624)
Loans Payable	(106,667)
Accrued Interest Payable	(17,344)
Net Position of Governmental Activities	(19,517,689)

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

See Following Page

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

	General
Revenues	
Taxes	$ 49,079,419
Intergovernmental	13,459,380
Licenses and Permits	2,508,593
Charges for Services	2,534,684
Fines and Forfeitures	1,752,588
Interest Income	2,741,383
Miscellaneous	2,226,993
Total Revenues	74,303,040
Expenditures	
General Government	6,917,712
Public Safety	38,269,985
Highways and Streets	10,248,873
Refuse	2,638,958
Culture and Recreation	3,126,816
Hispanic Liaison Center	256,677
Community Development	3,451,060
Debt Service	
Principal Retirement	10,000
Interest and Fiscal Charges	—
Total Expenditures	64,920,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,382,959
Other Financing Sources (Uses)	
Disposal of Capital Assets	95,541
Transfers In	—
Transfers Out	(1,118,880)
	(1,023,339)
Net Change in Fund Balances	8,359,620
Fund Balances - Beginning	59,728,139
Fund Balances - Ending	68,087,759

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

Special Revenue			
Mid-Metro TIF	Senior First TIF	Nonmajor	Totals
1,647,359	599,317	2,749,142	54,075,237
—	—	1,132,723	14,592,103
—	—	—	2,508,593
728,892	—	—	3,263,576
—	—	—	1,752,588
169,473	776	174,538	3,086,170
—	—	—	2,226,993
2,545,724	600,093	4,056,403	81,505,260
—	107,738	—	7,025,450
—	—	—	38,269,985
—	—	1,305,847	11,554,720
—	—	—	2,638,958
—	—	—	3,126,816
—	—	—	256,677
2,179,068		408,450	6,038,578
—	—	1,290,000	1,300,000
—	—	475,477	475,477
2,179,068	107,738	3,479,774	70,686,661
366,656	492,355	576,629	10,818,599
—	—	—	95,541
—	—	1,791,559	1,791,559
—	—	(672,679)	(1,791,559)
—	—	1,118,880	95,541
366,656	492,355	1,695,509	10,914,140
8,008,581	351,417	22,113,614	90,201,751
8,375,237	843,772	23,809,123	101,115,891

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

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

Net Change in Fund Balances - Total Governmental Funds	$ 10,914,140
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlays	3,357,357
Depreciation Expense	(1,784,976)
Disposals - Cost	(517,185)
Disposals - Accumulated Depreciation	282,277
An addition to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.	
Change in Net Pension Asset - IMRF	229,281
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(538,883)
Change in Deferred Items - Police Pension	(5,207,770)
Change in Deferred Items - Firefighters' Pension	(4,959,529)
Change in Deferred Items - RBP	7,386,294
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Net Pension Liability - Police Pension	5,622,488
Change in Net Pension Liability - Firefighters' Pension	6,645,139
Change in Total OPEB Liability - RBP	(6,392,373)
Debt Retirement	1,320,313
Change in Claims Payable	6,668
Changes to accrued interest on long-term debt in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	2,468
Changes in Net Position of Governmental Activities	16,365,709

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

Statement of Net Position - Proprietary Funds
December 31, 2025

See Following Page

Statement of Net Position - Proprietary Fund
December 31, 2025

		Business-Type Activities
		Enterprise
		Water and Sewer
ASSETS		
Current Assets		
Cash and Investments	$	19,947,892
Receivables - Net of Allowances		
Accounts		4,857,176
Advances to Other Funds		2,273,040
Prepaids		245,037
Total Current Assets		27,323,145
Noncurrent Assets		
Capital Assets		
Nondepreciable		711,826
Depreciable		56,324,957
Accumulated Depreciation		(23,608,393)
Total Capital Assets		33,428,390
Other Assets		
Net Pension Assets - IMRF		585,106
Total Noncurrent Assets		34,013,496
Total Assets		61,336,641
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF		936,147
Deferred Items - RBP		1,585,635
Total Deferred Outflows of Resources		2,521,782
Total Assets and Deferred Outflows of Resources		63,858,423

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

	Business-Type Activities
	Enterprise
	Water and Sewer
LIABILITIES	
Current Liabilities	
Accounts Payable	$ 3,166,424
Insurance Claims Payable	153,750
Current Portion of Long-Term Liabilities	315,568
Total Current Liabilities	3,635,742
Noncurrent Liabilities	
Total OPEB Liability - RBP	8,664,551
Total Liabilities	12,300,293
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	406,323
Deferred Items - RBP	1,169,807
Total Deferred Inflows of Resources	1,576,130
Total Liabilities and Deferred Inflows of Resources	13,876,423
NET POSITION	
Investment in Capital Assets	33,428,390
Restricted	585,106
Unrestricted	15,968,504
Total Net Position	49,982,000

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

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

	Business-Type Activities
	Enterprise
	Water and Sewer
Operating Revenues	
Charges for Services	$ 36,316,663
Operating Expenses	
Operations	31,854,489
Depreciation	954,616
Total Operating Expenses	32,809,105
Operating Income	3,507,558
Nonoperating Revenues	
Interest Income	3,402
Disposal of Capital Assets	7,500
	10,902
Change in Net Position	3,518,460
Net Position - Beginning	46,463,540
Net Position - Ending	49,982,000

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

VILLAGE OF MELROSE PARK, ILLINOIS

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

	Business-Type Activities
	Enterprise
	Water and Sewer
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 35,093,916
Payments to Suppliers	(29,078,993)
Payments to Employees	(1,477,828)
	4,537,095
Cash Flows from Noncapital Financing Activities	
Interfund Advances	(1,880,901)
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(208,694)
Disposal of Capital Assets	7,500
	(201,194)
Cash Flows from Investing Activities	
Interest Income	3,402
Net Change in Cash and Cash Equivalents	2,458,402
Cash and Cash Equivalents - Beginning	17,489,490
Cash and Cash Equivalents - Ending	19,947,892
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	3,507,558
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	954,616
(Increase) Decrease in Current Assets	(1,222,747)
Increase (Decrease) in Current Liabilities	1,297,668
Net Cash Provided by Operating Activities	4,537,095

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

Statement of Fiduciary Net Position
December 31, 2025

	Pension Trust
ASSETS	
Cash and Cash Equivalents	$ 12,508,350
Investments	
Illinois Police Officers' Pension Investment Fund	44,518,122
Illinois Firefighters' Pension Investment Fund	42,012,285
Due from Municipality	4,494,002
Prepaids	9,101
Total Assets	103,541,860
LIABILITIES	
Accounts Payable	6,860
NET POSITION	
Net Position Restricted	103,535,000

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

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

	Pension Trust
Additions	
Contributions	
Employer	$ 11,116,165
Plan Members	1,272,941
Other	91,924
Total Contributions	12,481,030
Investment Earnings	
Interest Earned	646,913
Net Change in Fair Value	12,195,006
	12,841,919
Less Investment Expenses	(106,338)
Net Investment Income	12,735,581
Total Additions	25,216,611
Deductions	
Administration	126,549
Benefits and Refunds	11,113,966
Total Deductions	11,240,515
Change in Fiduciary Net Position	13,976,096
Net Position Restricted for Pensions	
Beginning	89,558,904
Ending	103,535,000

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Melrose Park (the Village), Illinois was incorporated in 1894. The Village is a home-rule municipality, under the 1970 Illinois Constitution, located in Cook County, Illinois. The Village operates under a Mayor-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning, senior programs, recreation center and general administrative services.

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

REPORTING ENTITY

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

Police Pension Employees Retirement System

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

Firefighters' Pension Employees Retirement System

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Discretely Presented Component Unit

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

Melrose Park Public Library

The government-wide financial statements include the Melrose Park Public Library (the Library), Illinois as a component unit. The Library is a legally separate organization. The Board of the Library is separate from that of the Village. However, because it is fiscally dependent on the Village for approval of its budget and tax levy and because it poses a financial burden on the Village, the Library is presented as a component unit. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2025. The Library does not issue separate financial statements.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's public safety, highways and streets, refuse, culture and recreation, Hispanic liaison center, community development, and general government services are classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, highways and streets, refuse, culture and recreation, Hispanic liaison center, community development, etc.). The functions are supported by general government revenues (property taxes, sales taxes, telecommunication taxes, utility taxes, amusement taxes, certain intergovernmental revenues, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use, or directly benefit from foods, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Government-Wide Statements - Continued

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

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

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

Fund Financial Statements

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

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

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

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

Governmental Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Governmental Funds - Continued

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains eight special revenue funds. The Mid-Metro TIF Fund, a major fund, is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Mid-Metro TIF District. The Senior First TIF Fund, also a major fund, is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Senior First TIF District. Per the terms of the 1992 Project Use Agreement.

Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Village maintains one nonmajor debt service fund.

Proprietary Funds

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

Enterprise Funds account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Village maintains one major enterprise fund. The Water and Sewer Fund is used to account for operations of the water distribution system and sewer system.

Fiduciary Funds

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds and of the Village's internal service funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

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

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Receivables

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

Prepaids

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Interfund Receivables, Payables and Activity

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

Capital Assets

Capital assets purchased or acquired with an original cost of more than $10,000 for infrastructure assets and $10,000 for all other capital assets, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

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

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

Improvements Other than Buildings	20 - 50 Years
Buildings	25 - 50 Years
Machinery and Equipment	5 - 40 Years
Vehicles	10 - 40 Years
Infrastructure	25 - 100 Years

Deferred Outflows/Inflows of Resources

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Long-Term Obligations

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

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

Net Position

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

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

Restricted - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Budget amounts are as originally adopted by the Board of Trustees. All annual budgeted amounts lapse at fiscal year-end.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

BUDGETARY INFORMATION - Continued

Prior to December 31, the Village Comptroller submits to the Village Board a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. The Village Comptroller is authorized to transfer budget amounts between departments within any fund; however, the Village Board must approve revisions that alter the total expenditures of any fund.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND

The following fund had excess of actual expenditures over budget for the fiscal year:

Fund	Excess
Lake Street Corridor TIF	$ 124,050

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report. The Lake Street Corridor TIF had a property acquisition that was not planned at the time the budget was created. Therefore, the purchase was funded by reserve funds in Lake Street Corridor TIF.

DEFICIT FUND BALANCE

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

Fund	Deficit
Library	$ 63,246

Deficit will be eliminated by future revenues or transfers.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

Village

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled $90,784,184 and the bank balances totaled $92,495,047.

Investments. The Village has the following investment fair values and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Agency Bonds	$ 902,514	902,514	—	—	—
Federal Agency Bonds	700,936	—	700,936	—	—
Corporate Bonds	3,898,857	2,923,284	975,573	—	—
Municipal Bonds	21,173,566	7,909,875	13,263,691	—	—
Totals	26,675,873	11,735,673	14,940,200	—	—

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

- U.S. Agency Bonds of $902,514 are valued using quoted market prices (Level 1 inputs)
- Federal Agency Bonds of $700,936 are valued using quoted market prices (Level 1 inputs)
- Corporate Bonds of $3,898,857 are valued using a matrix pricing model (Level 2 inputs)
- Municipal Bonds of $21,173,566 are valued using a matrix pricing model (Level 2 inputs)

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's formal investment policy states the portfolio should provide the highest investment return with the maximum security while meeting the daily cash flow demand of the entity and conforming to all state and local statutes. The portfolio should maintain a comparable rate of return during a market or economic environment of stable interest rates. The portfolio performance should be compared to benchmarks with similar maturity, liquidity, and credit quality as the portfolio. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than one year from the date of purchase. Reserve funds may be invested in securities exceeding two years if the maturity of such investment are made to coincide as nearly practical with the expected use of funds.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Village - Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State Statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSRO's). The Village's investment policy authorizes investments in any type of security allowed for in Illinois statutes regarding the investment of public funds. At year end, the Village's investments in U.S Agency Bonds was rated AAA by S&P, Federal Agency Bonds was rated AA+ by Moodys, Corporate bonds were unrated, and Municipal Bonds were rated AAA to A- by S&P.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution. Collateral shall be limited to securities of the United States of America or its agencies. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. the Village's investment policy requires all securities to be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer, or maturity. The Village's policy further states that no financial institution shall hold more than 50% of the Village's investment portfolio at the current time of investment placement. The Village operates its investments as an internal investment pool where each fund reports its pro rata share of the investments made by the Village. At year-end, the Village has no investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Police Pension Fund

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Continued

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled $7,410,799 and the bank balances totaled $7,410,799.

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

Investments. At year-end the Fund has $44,518,122 invested in IPOPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The fund may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

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

Rate of Return

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

Firefighters' Pension Fund

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Continued

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled $5,097,551 and the bank balances totaled $5,097,551.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's deposits are covered by FDIC insurance and flow-through FDIC insurance is available for the Fund's deposits with financial institutions. The Fund's investment policy do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the pension fund's deposits with financial institutions.

Investments. At year-end the Fund has $42,012,285 invested in IFPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

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

Rate of Return

For the year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Component Unit - Melrose Park Public Library

Deposits. At year-end, the carrying amount of the Library's deposits for governmental totaled $60,546 and the bank balances totaled $60,546.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library's investment policy does not address interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Library's investment policy does not impose further limits on investment choices.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Component Unit - Melrose Park Public Library - Continued

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

For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library's investment policy does not address custodial credit risk for investments.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy does not address concentration risk. At year-end, the Library has no investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

PROPERTY TAXES

Property taxes for 2024 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Resolution). Tax bills are prepared by the County and are payable in two installments, on or about March 1 and August 1 during the following year. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 3.0% of the tax levy to reflect actual collection experience.

INTERFUND ADVANCES

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages at December 31, 2025. These amounts will be paid over several years. Interfund balances as of the date of this report are as follows:

Receivable Fund	Payable Fund	Amount
General	Mid-Metro TIF	$ 649,511
General	Nonmajor Governmental	400
Senior First TIF	General	653,384
Nonmajor Governmental	General	317,100
Nonmajor Governmental	Nonmajor Governmental	418,750
Water and Sewer	General	2,273,040
		4,312,185

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

INTERFUND BALANCES

Interfund balances result from the time lag between when transactions are recorded in the accounting system and payments between funds are made. The composition of interfund balances as of the date of this report, is as follows:

Receivable	Payable	Amount
Police Pension	General	$ 2,080,344
Firefighters' Pension	General	2,413,658
		4,494,002

INTERFUND TRANSFERS

Interfund transfers for the fiscal year consisted of the following:

Transfer In	Transfer Out	Amount	
Nonmajor Governmental	General	$ 1,118,880	(2)
Nonmajor Governmental	Nonmajor Governmental	672,679	(1)
		1,791,559	

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the fiscal year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	$ 27,571,249	394,000	68,230	27,897,019
Construction in Progress	1,515,568	1,553,148	—	3,068,716
	29,086,817	1,947,148	68,230	30,965,735
Depreciable Capital Assets				
Improvements Other than Buildings	7,366,224	—	—	7,366,224
Buildings	24,175,077	566,672	47,560	24,694,189
Machinery and Equipment	5,729,756	189,109	—	5,918,865
Vehicles	8,558,736	654,428	401,395	8,811,769
Infrastructure	26,964,828	—	—	26,964,828
	72,794,621	1,410,209	448,955	73,755,875
Less Accumulated Depreciation				
Improvements Other than Buildings	1,503,581	145,924	—	1,649,505
Buildings	12,683,533	510,500	2,853	13,191,180
Machinery and Equipment	4,783,108	169,052	—	4,952,160
Vehicles	5,664,862	546,419	279,424	5,931,857
Infrastructure	10,298,239	413,081	—	10,711,320
	34,933,323	1,784,976	282,277	36,436,022
Total Net Depreciable Capital Assets	37,861,298	(374,767)	166,678	37,319,853
Total Net Capital Assets	66,948,115	1,572,381	234,908	68,285,588

Depreciation expense was charged to governmental activities as follows:

General Government	$ 238,454
Public Safety	589,743
Highways and Streets	697,119
Culture and Recreation	228,087
Hispanic Liaison Center	1,406
Community Development	30,167
	1,784,976

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	$ 699,347	—	—	699,347
Land Improvements	12,479	—	—	12,479
	711,826	—	—	711,826
Depreciable Capital Assets				
Buildings	1,666,602	—	—	1,666,602
Equipment	944,093	45,955	—	990,048
Vehicles	662,915	—	32,236	630,679
Infrastructure - Water System	52,874,889	162,739	—	53,037,628
	56,148,499	208,694	32,236	56,324,957
Less Accumulated Depreciation				
Buildings	990,194	25,742	—	1,015,936
Equipment	449,738	46,294	—	496,032
Vehicles	548,873	19,137	32,236	535,774
Water System Infrastructure	20,697,208	863,443	—	21,560,651
	22,686,013	954,616	32,236	23,608,393
Total Net Depreciable Capital Assets	33,462,486	(745,922)	—	32,716,564
Total Net Capital Assets	34,174,312	(745,922)	—	33,428,390

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

Water and Sewer	$ 954,616

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Component Unit - Melrose Park Public Library

Component unit capital asset activity for the fiscal year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	$ 333,332	—	—	333,332
Depreciable Capital Assets				
Buildings	705,202	—	—	705,202
Machinery and Equipment	522,791	—	—	522,791
	1,227,993	—	—	1,227,993
Less Accumulated Depreciation				
Buildings	415,696	8,189	—	423,885
Machinery and Equipment	489,318	7,954	—	497,272
	905,014	16,143	—	921,157
Total Net Depreciable Capital Assets	322,979	(16,143)	—	306,836
Total Net Capital Assets	656,311	(16,143)	—	640,168

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS

General Obligation/General Obligation Capital Appreciation Bonds

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

Issue	Retired by Fund	Beginning Balances	Issuances	Retirements	Ending Balances
$14,355,000 General Obligation Bonds of 2012 - Due in annual installments of $475,000 to $1,020,000 plus interest at 3.50% to 5.00% through December 15, 2032.	Debt Service	$ 7,125,000	—	770,000	6,355,000
$3,660,000 General Obligation Bonds of 2016 - Due in annual installments of $40,000 to $465,000 plus interest at 2.00% to 3.20% through December 15, 2026.	Debt Service	585,000	—	285,000	300,000
$5,970,000 General Obligation Bonds of 2020 - Due in annual installments of $205,000 to $390,000 plus interest at 2.00% to 5.00% through December 15, 2040.	Debt Service	5,120,000	—	235,000	4,885,000
		12,830,000	—	1,290,000	11,540,000

Loans Payable

In August of 2014, the Village entered into an agreement to purchase an office building for $820,000. $150,000 was paid at the closing and the remaining $670,000 was financed by means of a Purchase Money Installment Term Loan Note. The note is non-interest bearing and provides for principal payments of $160,000 per year for a three-year period. The balance related to this portion of the note in the amount of $450,000 was paid in full in fiscal year 2015. The remaining $220,000 of principal due on the note will be paid as a monthly credit of $833.33 offsetting rent due to the Village by the seller for the lease of office space within the building over a 264-month period. At December 31, 2025, the balance due was $106,667.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Long-Term Liabilities Activity

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

Long-Term Liability	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Net Pension Liability - Police Pension	$ 56,888,461	—	5,622,488	51,265,973	—
Net Pension Liability - Firefighters' Pension	65,071,033	—	6,645,139	58,425,894	—
Total OPEB Liability - RBP	58,582,297	6,392,373	—	64,974,670	2,283,842
General Obligation Bonds	12,830,000	—	1,290,000	11,540,000	1,350,000
Plus: Unamortized Premium	384,191	—	24,271	359,920	—
Less: Unamortized Discount	(18,254)	—	(3,958)	(14,296)	—
Loans Payable	116,667	—	10,000	106,667	10,000
Claims Payable	910,896	199,767	—	1,110,663	419,126
	194,765,291	6,592,140	13,587,940	187,769,491	4,062,968
Business-Type Activities					
Total OPEB Liability - RBP	7,827,744	1,152,375	—	8,980,119	315,568
Claims Payable	125,680	28,070	—	153,750	153,750
	7,953,424	1,180,445	—	9,133,869	469,318

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

For the governmental activities, payments on the net pension liabilities and the total OPEB liability are made by the General Fund. Payments on general obligation bonds is being liquidated by the Debt Service Fund. Payments on the loans payable and claims payable are made by the General Fund.

Additionally, for the business-type activities, the total OPEB liability and the claims payable are being liquidated by the Water and Sewer Fund.

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM OBLIGATIONS - Continued

Debt Service Requirements to Maturity

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

	Governmental Activities	
	General Obligation Bonds	
Fiscal Year	Principal	Interest
2026	$ 1,350,000	416,250
2027	1,090,000	362,200
2028	1,140,000	316,050
2029	1,190,000	267,750
2030	1,240,000	217,300
2031	1,295,000	164,700
2032	1,350,000	109,750
2033	335,000	62,350
2034	340,000	55,650
2035	350,000	48,850
2036	355,000	41,850
2037	365,000	33,862
2038	370,000	25,650
2039	380,000	17,325
2040	390,000	8,775
	11,540,000	2,148,312

Legal Debt Margin

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

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

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

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	$ 68,285,588
Less Capital Related Debt:	
General Obligation Bonds	(11,540,000)
Unamortized Premium	(359,920)
Unamortized Discount	14,296
Net Investment in Capital Assets	56,399,964
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	33,428,390
Less Capital Related Debt:	—
Investment in Capital Assets	33,428,390

FUND BALANCE CLASSIFICATIONS

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

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

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

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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

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

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

		Special Revenue			
	General	Tax Mid-Metro TIF	Senior First TIF	Nonmajor	Totals
Fund Balances					
Nonspendable					
Advances	$ 649,911	—	—	—	649,911
Prepaids	620,458	—	—	—	620,458
	1,270,369	—	—	—	1,270,369
Restricted					
Fire Protection	1,078,803	—	—	—	1,078,803
Crossing Guards	31,474	—	—	—	31,474
Highways and Streets	—	—	—	4,104,319	4,104,319
Community Development	—	8,375,237	843,772	16,181,510	25,400,519
Debt Service	—	—	—	3,523,294	3,523,294
	1,110,277	8,375,237	843,772	23,809,123	34,138,409
Unassigned	65,707,113	—	—	—	65,707,113
Total Fund Balances	68,087,759	8,375,237	843,772	23,809,123	101,115,891

CONSTRUCTION COMMITMENTS

The Village has active construction projects as of December 31, 2025. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Self Insurance

For health and workers compensation claims, the uninsured risk of loss is $100,000 per incident and 125% in the aggregate for a policy year. The Village has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years. All funds of the Village participate in the risk management program. Costs are allocated by function of participating employees. The below liability includes $1,110,663 of the governmental activities, $153,750 of the business-type activity and $42,244 of the component unit.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The Village does not allocate overhead costs or other non-incremental costs to the claims liability.

	12/31/2025	12/31/2024
Claims Payable - Beginning	$ 1,071,243	1,149,462
Incurred Claims	8,468,920	7,579,700
Claims Paid	(8,233,506)	(7,657,919)
Claims Payable - Ending	1,306,657	1,071,243

CONTINGENT LIABILITIES

Litigation

From time to time, the Village is party to various pending claims and legal proceedings with respect to employment, civil rights, property taxes and other matters. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village financial position or results of operations

Grants

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

NOTE 4 - OTHER INFORMATION - Continued

TAX REBATES

The Village has entered into sales tax rebate agreements in order to attract new retailers and restaurants. The agreements are pursuant to Section 8-11-20 of the Illinois Municipal Code (65 ILCS 5/8-11-20) and have been approved by the Village Board.

To be eligible for the rebate, the businesses must open locations within the Village's boundaries and submit sales tax information to the Village. The specific terms of the agreements vary, however, in general, they provide for the Village to rebate 0.5-60% of the sales tax generated by the locations within Melrose Park back to the businesses typically on a quarterly basis. Some of the agreements are subject to conditions such as the rebate not being measured until a certain threshold of sales is met. Total tax abatements were $3,451,061.

The largest abatement provides for annual abatements in excess of $500,000. One of these agreements calls for a rebate of 50% of all Municipal Sales Taxes that the Village receives from the location in each calendar year during the repayment period (20 years commencing thirty days after the first certificate of occupancy is issued by the Village). Sales tax rebates under this agreement totaled $2,154,259.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is also a single-employer pension plan. IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The Police and Firefighters' Pension Plans also issue separate reports that may be obtained by writing the Village at 1000 North 25th Avenue, Melrose Park, Illinois 60160. The benefits, benefit levels, employee contributions and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amounts recognized for the pension plans are:

	Pension Expense	Net Pension Liability/ (Asset)	Deferred Outflows	Deferred Inflows
IMRF - Regular	$ 1,137,896	(847,257)	1,355,577	588,371
Police Pension	4,705,110	51,265,973	2,325,294	4,156,573
Firefighters' Pension	4,310,727	58,425,894	2,564,522	5,792,920
	10,153,733	108,844,610	6,245,393	10,537,864

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

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

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

- 3% of the original pension amount, or

- 1/2 of the increase in the Consumer Price Index of the original pension amount.

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Plan Membership. As of December 31, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	126
Inactive Plan Members Entitled to but not yet Receiving Benefits	48
Active Plan Members	109
Total	283

Contributions. As set by statute, the Village's members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the fiscal year ended December 31, 2025, the Village's contribution was 5.28% of covered payroll.

Net Pension (Asset). The Village's net pension (asset) was measured as of December 31, 2024. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension (asset) were determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

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

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.50%	5.20%
Domestic Equities	33.50%	4.35%
International Equities	18.00%	5.40%
Real Estate	10.50%	6.40%
Blended	12.50%	4.85% - 6.25%
Cash and Cash Equivalents	1.00%	3.60%

Discount Rate

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

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - 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 as well as what the Village's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	$ 3,864,608	(847,257)	(4,636,089)

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2023	$ 42,235,392	42,329,197	(93,805)
Changes for the Year:			
Service Cost	632,243	—	632,243
Interest on the Total Pension Liability	3,018,110	—	3,018,110
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(626,504)	—	(626,504)
Changes of Assumptions	—	—	—
Contributions - Employer	—	361,832	(361,832)
Contributions - Employees	—	307,190	(307,190)
Net Investment Income	—	4,103,764	(4,103,764)
Benefit Payments, Including Refunds of Employee Contributions	(1,844,808)	(1,844,808)	—
Other (Net Transfer)	—	(995,485)	995,485
Net Changes	1,179,041	1,932,493	(753,452)
Balances at December 31, 2024	43,414,433	44,261,690	(847,257)

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the fiscal year ended December 31, 2025, the Village recognized pension expense of $1,137,896. At December 31, 2025, the Village reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	$ 18,278	(578,062)	(559,784)
Change in Assumptions	—	(10,309)	(10,309)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	960,803	—	960,803
	979,081	(588,371)	390,710
Pension Contributions Made Subsequent to the Measurement Date	376,496	—	376,496
Total Deferred Amounts Related to IMRF	1,355,577	(588,371)	767,206

$376,496 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension (asset) in the reporting year ending December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2026	$ 192,845
2027	972,905
2028	(552,318)
2029	(222,722)
2030	—
Thereafter	—
Totals	390,710

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

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

Inactive Plan Members Currently Receiving Benefits	69
Inactive Plan Members Entitled to but not yet Receiving Benefits	13
Active Plan Members	67
Total	149

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

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

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

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2025, the Village's contribution was 71.43% of covered payroll.

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

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal (Level %)
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Discount Rate	7.00%
Salary Increases	3.50%
Cost of Living Adjustments	2.25%
Inflation	2.50%

Mortality rates were based on the PubS-2010 Employee mortality, unadjusted, with generational improvements with most recent projection scale.

Discount Rate

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

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate Sensitivity

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	$ 65,476,015	51,265,973	39,596,323

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2024	$ 103,975,723	47,087,262	56,888,461
Changes for the Year:			
Service Cost	1,705,574	—	1,705,574
Interest on the Total Pension Liability	6,921,024	—	6,921,024
Changes of Benefit Terms	(2,538,601)	—	(2,538,601)
Difference Between Expected and Actual Experience of the Total Pension Liability	357,564	—	357,564
Changes of Assumptions	—	—	—
Contributions - Employer	—	5,119,828	(5,119,828)
Contributions - Employees	—	706,771	(706,771)
Contributions - Other	—	91,924	(91,924)
Net Investment Income	—	6,222,653	(6,222,653)
Benefit Payments, Including Refunds of Employee Contributions	(5,149,097)	(5,149,097)	—
Other (Net Transfer)	—	—	—
Administrative Expense	—	(73,127)	73,127
Net Changes	1,296,464	6,918,952	(5,622,488)
Balances at December 31, 2025	105,272,187	54,006,214	51,265,973

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

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

For the fiscal year ended December 31, 2025, the Village recognized pension expense of $4,705,110. At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	$ 1,854,913	(2,341,147)	(486,234)
Change in Assumptions	470,381	(83,773)	386,608
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(1,731,653)	(1,731,653)
Total Deferred Amounts Related to Police Pension	2,325,294	(4,156,573)	(1,831,279)

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2026	$ 626,854
2027	(752,193)
2028	(707,280)
2029	(985,653)
2030	(13,007)
Thereafter	—
Total	(1,831,279)

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

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

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

Inactive Plan Members Currently Receiving Benefits	74
Inactive Plan Members Entitled to but not yet Receiving Benefits	5
Active Plan Members	54
Total	133

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

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

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

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended December 31, 2025, the Village's contribution was 102.78% of covered payroll.

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

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.00%
Salary Increases	3.50%
Cost of Living Adjustments	3.25%
Inflation	2.50%

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

Discount Rate

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

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate Sensitivity

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 71,807,129	58,425,894	47,322,772

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2024	$ 107,542,675	42,471,642	65,071,033
Changes for the Year:			
Service Cost	1,408,951	—	1,408,951
Interest on the Total Pension Liability	7,095,499	—	7,095,499
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	(3,238,427)	—	(3,238,427)
Changes of Assumptions	1,110,851	—	1,110,851
Contributions - Employer	—	5,996,337	(5,996,337)
Contributions - Employees	—	566,170	(566,170)
Net Investment Income	—	6,512,928	(6,512,928)
Benefit Payments, Including Refunds of Employee Contributions	(5,964,869)	(5,964,869)	—
Other (Net Transfer)	—	—	—
Administrative Expense	—	(53,422)	53,422
Net Changes	412,005	7,057,144	(6,645,139)
Balances at December 31, 2025	107,954,680	49,528,786	58,425,894

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

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

For the year ended December 31, 2025, the Village recognized pension expense of $4,310,727. At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	$ 1,027,624	(2,982,796)	(1,955,172)
Change in Assumptions	1,536,898	—	1,536,898
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(2,810,124)	(2,810,124)
Total Deferred Amounts Related to Firefighters' Pension	2,564,522	(5,792,920)	(3,228,398)

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2026	$ 261,859
2027	(1,248,576)
2028	(1,108,595)
2029	(1,128,840)
2030	(4,246)
Thereafter	—
Total	(3,228,398)

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

Benefits Provided. Retired eligible employees and their dependents may continue coverage under City's group health until they reach age 65 by paying 100% of the blended group premium cost. The City pays the entire actuarial cost of the health coverage for retired elected officials and their spouses.

Dental coverage is offered to retirees through COBRA at a rate of 102% of the active premium for a maximum of 18 months. The retiree pays the full 102% adjusted premium with no additional cost to the City.

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

Inactive Plan Members Currently Receiving Benefits	273
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	234
Total	507

Total OPEB Liability

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

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

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs - Continued.

Inflation	2.00%
Salary Increases	2.00%
Discount Rate	4.83%
Healthcare Cost Trend Rates	5.00% to an ultimate rate of 3.50% for 2025 and later years.
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees.

The discount rate assumption is based on the Bond Buyer 20-Bond G.O. Index.

Active, retiree, and spousal IMRF mortality follows the Sex Distinct Raw Rates as developed in the Pub-2010 study, with blue collar adjustment. These rates are then improved generationally using MP-2021.

Change in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2024	$ 66,410,041
Changes for the Year:	
Service Cost	2,220,394
Interest on the Total OPEB Liability	2,669,524
Difference Between Expected and Actual Experience	12,008,233
Changes of Assumptions or Other Inputs	(6,753,993)
Benefit Payments	(2,599,410)
Net Changes	7,544,748
Balances at December 31, 2025	73,954,789

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

The discount rate used to measure the total pension liability was 4.83%, while the prior valuation used 4.10%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB Liability	$ 83,458,956	73,954,789	66,074,717

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

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

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	$ 65,227,579	73,954,789	84,659,842

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

For the fiscal year ended December 31, 2025, the Village recognized OPEB expense of $1,733,742. 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	Totals
Difference Between Expected and Actual Experience	$ 12,352,731	(286,660)	12,066,071
Change in Assumptions	705,596	(9,347,154)	(8,641,558)
Net Difference Between Projected and Actual Earnings on OPEB Investments	—	—	—
Total Deferred Amounts Related to OPEB	13,058,327	(9,633,814)	3,424,513

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

Fiscal Year	Net Deferred Outflows of Resources
2026	$ 1,005,894
2027	1,401,669
2028	1,016,950
2029	—
2030	—
Thereafter	—
Totals	3,424,513

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

- Schedule of Changes in the Employer's Total OPEB Liability - Last Ten Fiscal Years
  - Retiree Benefit Plan

- Budgetary Comparison Schedules
  - General Fund
  - Mid-Metro TIF - Special Revenue Fund
  - Senior First TIF - Special Revenue Fund

Notes to the Required Supplementary Information

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

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

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 673,843	$ 688,710	$ 14,867	$ 6,268,308	10.99%
2017	646,584	646,584	—	6,082,643	10.63%
2018	697,572	697,572	—	6,307,161	11.06%
2019	598,138	598,138	—	6,565,726	9.11%
2020	646,837	646,837	—	6,546,938	9.88%
2021	642,395	642,395	—	6,488,837	9.90%
2022	480,698	480,698	—	6,443,662	7.46%
2023	375,348	375,348	—	6,596,635	5.69%
2024	364,262	364,262	—	6,835,666	5.33%
2025	376,496	376,496	—	7,131,040	5.28%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	19 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.75% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. 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-2020. 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-2020.

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

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 3,907,689	$ 2,544,568	$ (1,363,121)	$ 6,530,060	38.97%
2017	4,205,294	2,683,691	(1,521,603)	6,791,262	39.52%
2018	4,665,508	4,190,868	(474,640)	6,656,802	62.96%
2019	4,971,954	4,586,223	(385,731)	6,815,775	67.29%
2020	5,424,553	5,036,768	(387,785)	6,561,873	76.76%
2021	4,854,596	5,248,225	393,629	6,194,510	84.72%
2022	4,900,163	5,050,771	150,608	6,324,326	79.86%
2023	4,804,595	4,988,862	184,267	6,490,281	76.87%
2024	4,962,216	5,052,319	90,103	6,661,057	75.85%
2025	5,099,870	5,119,828	19,958	7,167,908	71.43%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	15 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	Graded by service from 11.00% to ultimate of 3.50%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial
Mortality	Mortality rates are based on Pub-2010 base rates projected generationally with Scale MP2021.

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

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 4,195,708	$ 3,081,599	$ (1,114,109)	$ 5,289,401	58.26%
2017	3,953,554	3,267,702	(685,852)	5,474,530	59.69%
2018	5,213,850	5,117,795	(96,055)	5,386,420	95.01%
2019	5,366,266	5,614,028	247,762	5,357,268	104.79%
2020	5,614,830	5,806,189	191,359	5,531,379	104.97%
2021	5,854,861	6,491,075	636,214	5,638,391	115.12%
2022	6,086,335	6,252,127	165,792	5,397,163	115.84%
2023	5,743,022	5,914,891	171,869	5,506,565	107.42%
2024	5,886,269	5,949,204	62,935	5,441,140	109.34%
2025	5,921,594	5,996,337	74,743	5,834,331	102.78%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	15 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	Graded by service from 12.50% to ultimate of 4.00%
Investment Rate of Return	7.00%
Retirement Age	See the Notes to the Financial Statements
Mortality	Mortality Rates are based on the PUB-2010 base rates projected generationally with Scale MP2021.

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

	2015	2016	2017
Total Pension Liability			
Service Cost	$ 720,114	706,700	665,162
Interest	2,159,282	2,264,379	2,406,470
Differences Between Expected and Actual Experience	(161,828)	418,345	(180,405)
Change of Assumptions	38,627	(40,032)	(1,078,546)
Benefit Payments, Including Refunds of Member Contributions	(1,170,219)	(1,445,554)	(1,503,226)
Net Change in Total Pension Liability	1,585,976	1,903,838	309,455
Total Pension Liability - Beginning	29,015,480	30,601,456	32,505,294
Total Pension Liability - Ending	30,601,456	32,505,294	32,814,749
Plan Fiduciary Net Position			
Contributions - Employer	$ 732,788	688,710	646,584
Contributions - Members	310,481	292,138	273,720
Net Investment Income	137,287	1,839,872	5,013,734
Benefit Payments, Including Refunds of Member Contributions	(1,170,219)	(1,445,554)	(1,503,226)
Other (Net Transfer)	(557,001)	371,559	(851,244)
Net Change in Plan Fiduciary Net Position	(546,664)	1,746,725	3,579,568
Plan Net Position - Beginning	27,520,821	26,974,157	28,720,882
Plan Net Position - Ending	26,974,157	28,720,882	32,300,450
Employer's Net Pension Liability/(Asset)	$ 3,627,299	3,784,412	514,299
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.15%	88.36%	98.43%
Covered Payroll	$ 6,444,927	6,268,308	6,082,643
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	56.28%	60.37%	8.46%

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2017 and 2023.

2018	2019	2020	2021	2022	2023	2024
609,931	665,049	696,079	648,402	625,099	637,321	632,243
2,427,290	2,491,552	2,592,595	2,660,985	2,793,074	2,919,349	3,018,110
(507,824)	(151,714)	(302,574)	277,923	113,993	(339,623)	(626,504)
975,477	—	(303,343)	—	—	(23,943)	—
(1,511,696)	(1,548,437)	(1,704,977)	(1,726,239)	(1,781,234)	(1,811,872)	(1,844,808)
1,993,178	1,456,450	977,780	1,861,071	1,750,932	1,381,232	1,179,041
32,814,749	34,807,927	36,264,377	37,242,157	39,103,228	40,854,160	42,235,392
34,807,927	36,264,377	37,242,157	39,103,228	40,854,160	42,235,392	43,414,433
697,572	598,138	646,837	642,395	480,698	375,348	361,832
298,132	308,909	294,614	291,998	289,965	297,960	307,190
(1,675,670)	5,640,255	4,932,223	6,559,350	(5,430,338)	4,209,446	4,103,764
(1,511,696)	(1,548,437)	(1,704,977)	(1,726,239)	(1,781,234)	(1,811,872)	(1,844,808)
390,855	(508,580)	154,402	(37,772)	(199,069)	855,534	(995,485)
(1,800,807)	4,490,285	4,323,099	5,729,732	(6,639,978)	3,926,416	1,932,493
32,300,450	30,499,643	34,989,928	39,313,027	45,042,759	38,402,781	42,329,197
30,499,643	34,989,928	39,313,027	45,042,759	38,402,781	42,329,197	44,261,690
4,308,284	1,274,449	(2,070,870)	(5,939,531)	2,451,379	(93,805)	(847,257)
87.62%	96.49%	105.56%	115.19%	94.00%	100.22%	101.95%
6,307,161	6,565,726	6,546,938	6,488,837	6,443,662	6,596,635	6,827,011
68.31%	19.41%	(31.63%)	(91.53%)	38.04%	(1.42%)	(12.41%)

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

	2016	2017	2018
Total Pension Liability			
Service Cost	$ 3,096,037	3,232,572	1,523,328
Interest	4,533,831	4,547,452	5,158,559
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	(6,471,840)	251,300	199,202
Change of Assumptions	2,460,747	(33,930,854)	3,073,903
Benefit Payments, Including Refunds of Member Contributions	(3,216,713)	(3,403,209)	(3,643,925)
Net Change in Total Pension Liability	402,062	(29,302,739)	6,311,067
Total Pension Liability - Beginning	104,416,341	104,818,403	75,515,664
Total Pension Liability - Ending	104,818,403	75,515,664	81,826,731
Plan Fiduciary Net Position			
Contributions - Employer	$ 2,544,568	2,683,691	4,190,868
Contributions - Members	616,461	962,677	634,798
Contributions - Other	—	—	—
Net Investment Income	443,852	2,368,533	(610,207)
Benefit Payments, Including Refunds of Member Contributions	(3,216,713)	(3,403,209)	(3,643,925)
Administrative Expenses	(57,194)	(84,912)	(73,274)
Net Change in Plan Fiduciary Net Position	330,974	2,526,780	498,260
Plan Net Position - Beginning	21,603,272	21,934,246	24,461,026
Plan Net Position - Ending	21,934,246	24,461,026	24,959,286
Employer's Net Pension Liability	$ 82,884,157	51,054,638	56,867,445
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	20.93%	32.39%	30.50%
Covered Payroll	$ 6,530,060	6,791,262	6,656,802
Employer's Net Pension Liability as a Percentage of Covered Payroll	1,269.27%	751.77%	854.28%

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

2019	2020	2021	2022	2023	2024	2025
1,657,032	1,632,781	1,501,331	1,510,294	1,511,663	1,559,608	1,705,574
5,362,773	5,866,377	5,946,637	6,294,207	6,516,826	6,718,434	6,921,024
534,855	—	—	(51,245)	—	—	—
1,567,517	1,722,646	(3,152,074)	1,550,952	270,981	1,798,326	(2,538,601)
(1,084,229)	(500,284)	533,955	—	—	217,721	357,564
(3,809,217)	(4,158,189)	(4,764,492)	(4,685,145)	(4,922,977)	(4,998,072)	(5,149,097)
4,228,731	4,563,331	65,357	4,619,063	3,376,493	5,296,017	1,296,464
81,826,731	86,055,462	90,618,793	90,684,150	95,303,213	98,679,706	103,975,723
86,055,462	90,618,793	90,684,150	95,303,213	98,679,706	103,975,723	105,272,187
4,586,223	5,036,768	5,248,225	5,050,771	4,988,862	5,052,319	5,119,828
640,652	623,843	683,172	623,053	648,040	690,053	706,771
975	—	—	—	—	—	91,924
4,289,057	3,292,218	5,147,019	(4,198,639)	3,862,728	3,640,057	6,222,653
(3,809,217)	(4,158,189)	(4,764,492)	(4,685,145)	(4,922,977)	(4,998,072)	(5,149,097)
(71,699)	(76,103)	(73,350)	(67,700)	(79,441)	(71,035)	(73,127)
5,635,991	4,718,537	6,240,574	(3,277,660)	4,497,212	4,313,322	6,918,952
24,959,286	30,595,277	35,313,814	41,554,388	38,276,728	42,773,940	47,087,262
30,595,277	35,313,814	41,554,388	38,276,728	42,773,940	47,087,262	54,006,214
55,460,185	55,304,979	49,129,762	57,026,485	55,905,766	56,888,461	51,265,973
35.55%	38.97%	45.82%	40.16%	43.35%	45.29%	51.30%
6,815,775	6,561,873	6,194,510	6,324,326	6,490,281	6,661,057	7,167,908
813.70%	842.82%	793.12%	901.70%	861.38%	854.05%	715.22%

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

	2016	2017	2018
Total Pension Liability			
Service Cost	$ 3,038,141	3,163,009	1,345,146
Interest	5,090,989	5,229,386	6,171,252
Changes in Benefit Terms	—	—	—
Differences Between Expected and Actual Experience	(3,356,003)	308,733	399,421
Change of Assumptions	3,079,730	(43,088,053)	—
Benefit Payments, Including Refunds of Member Contributions	(4,352,878)	(4,618,221)	(4,757,769)
Net Change in Total Pension Liability	3,499,979	(39,005,146)	3,158,050
Total Pension Liability - Beginning	126,044,794	129,544,773	90,539,627
Total Pension Liability - Ending	129,544,773	90,539,627	93,697,677
Plan Fiduciary Net Position			
Contributions - Employer	$ 3,081,599	3,267,702	5,117,795
Contributions - Members	501,401	507,441	503,646
Net Investment Income	1,322,812	2,819,467	(926,831)
Benefit Payments, Including Refunds of Member Contributions	(4,352,878)	(4,618,220)	(4,757,769)
Administrative Expenses	(40,577)	(57,981)	(46,774)
Net Change in Plan Fiduciary Net Position	512,357	1,918,409	(109,933)
Plan Net Position - Beginning	18,420,981	18,933,338	20,851,747
Plan Net Position - Ending	18,933,338	20,851,747	20,741,814
Employer's Net Pension Liability	$ 110,611,435	69,687,880	72,955,863
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	14.62%	23.03%	22.14%
Covered Payroll	$ 5,289,401	5,474,530	5,386,420
Employer's Net Pension Liability as a Percentage of Covered Payroll	2,091.19%	1,272.95%	1,354.44%

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

2019	2020	2021	2022	2023	2024	2025
1,405,942	1,521,296	1,474,066	1,364,842	1,344,174	1,318,228	1,408,951
6,284,231	6,428,659	6,362,057	6,671,944	6,858,191	7,000,504	7,095,499
637,738	—	—	(120,193)	—	—	—
805,002	(2,629,308)	(3,647,117)	2,007,976	449,550	819,502	(3,238,427)
(1,411,970)	621,744	—	73,159	—	1,145,215	1,110,851
(4,979,367)	(5,065,078)	(5,366,214)	(5,636,027)	(5,899,055)	(5,994,693)	(5,964,869)
2,741,576	877,313	(1,177,208)	4,361,701	2,752,860	4,288,756	412,005
93,697,677	96,439,253	97,316,566	96,139,358	100,501,059	103,253,919	107,542,675
96,439,253	97,316,566	96,139,358	100,501,059	103,253,919	107,542,675	107,954,680
5,614,028	5,806,189	6,491,075	6,252,127	5,914,891	5,949,204	5,996,337
509,357	519,211	503,447	510,302	510,490	520,062	566,170
4,304,377	3,742,148	4,497,560	(4,921,254)	4,449,911	3,800,606	6,512,928
(4,979,367)	(5,065,078)	(5,366,214)	(5,636,027)	(5,899,055)	(5,994,693)	(5,964,869)
(48,036)	(49,543)	(58,721)	(50,942)	(46,298)	(49,929)	(53,422)
5,400,359	4,952,927	6,067,147	(3,845,794)	4,929,939	4,225,250	7,057,144
20,741,814	26,142,173	31,095,100	37,162,247	33,316,453	38,246,392	42,471,642
26,142,173	31,095,100	37,162,247	33,316,453	38,246,392	42,471,642	49,528,786
70,297,080	66,221,466	58,977,111	67,184,606	65,007,527	65,071,033	58,425,894
27.11%	31.95%	38.65%	33.15%	37.04%	39.49%	45.88%
5,357,268	5,531,379	5,638,391	5,397,163	5,506,565	5,441,140	5,834,331
1,312.18%	1,197.20%	1,045.99%	1,244.81%	1,180.55%	1,195.91%	1,001.42%

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

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2016	2.20%
2017	11.35%
2018	(2.84%)
2019	17.91%
2020	11.22%
2021	16.71%
2022	N/A
2023	13.66%
2024	9.59%
2025	17.79%

N/A - Not Available

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

Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2016	N/A
2017	N/A
2018	N/A
2019	N/A
2020	N/A
2021	14.29%
2022	(15.79%)
2023	15.36%
2024	10.92%
2025	17.55%

N/A - Not Available

Retiree Benefit Plan
Schedule of Changes in the Employer's Total OPEB Liability - Last Ten Fiscal Years
December 31, 2025

		2016	2017	2018
Total OPEB Liability				
Service Cost	$	2,568,413	2,506,399	3,098,398
Interest		4,008,339	4,044,150	3,443,298
Differences Between Expected and Actual Experience		(1,596,956)	1,065,685	(8,459,477)
Change of Assumptions or Other Inputs		—	—	(7,564,307)
Benefit Payments		(4,075,187)	(3,268,819)	(3,760,863)
Other Changes		—	—	—
Net Change in Total OPEB Liability		904,609	4,347,415	(13,242,951)
Total OPEB Liability - Beginning		91,745,454	92,650,063	96,997,478
Total OPEB Liability - Ending		92,650,063	96,997,478	83,754,527
Covered-Employee Payroll	$	13,450,000	12,450,000	12,600,000
Total OPEB Liability as a Percentage of Covered-Employee Payroll		688.85%	779.10%	664.72%

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

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2016 through 2025.

2019	2020	2021	2022	2023	2024	2025
2,531,400	3,495,558	3,955,130	3,343,101	2,245,167	2,432,246	2,220,394
3,537,723	2,668,349	2,306,965	1,596,499	2,107,214	2,336,997	2,669,524
(1,512,399)	228,868	(9,461,494)	(5,746,860)	420,954	7,594,205	12,008,233
12,407,377	8,403,084	12,092,989	(17,910,391)	3,566,123	(7,651,076)	(6,753,993)
(3,410,799)	(3,341,248)	(2,923,459)	—	(2,075,289)	(2,249,669)	(2,599,410)
—	—	(36,133,500)	(2,198,251)	—	—	—
13,553,302	11,454,611	(30,163,369)	(20,915,902)	6,264,169	2,462,703	7,544,748
83,754,527	97,307,829	108,762,440	78,599,071	57,683,169	63,947,338	66,410,041
97,307,829	108,762,440	78,599,071	57,683,169	63,947,338	66,410,041	73,954,789
12,600,000	13,150,000	11,500,000	11,500,000	11,400,000	11,400,000	21,968,464
772.28%	827.09%	683.47%	501.59%	560.94%	582.54%	336.64%

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 44,222,000	44,222,000	49,079,419	4,857,419
Intergovernmental	15,036,000	15,036,000	13,459,380	(1,576,620)
Licenses and Permits	2,535,200	2,535,200	2,508,593	(26,607)
Charges for Services	2,614,000	2,614,000	2,534,684	(79,316)
Fines and Forfeitures	1,315,000	1,315,000	1,752,588	437,588
Interest Income	500,560	500,560	2,741,383	2,240,823
Miscellaneous	1,629,000	1,629,000	2,226,993	597,993
Total Revenues	67,851,760	67,851,760	74,303,040	6,451,280
Expenditures				
General Government	7,938,350	7,938,350	6,917,712	(1,020,638)
Public Safety	38,435,100	38,435,100	38,269,985	(165,115)
Highways and Streets	11,811,100	11,811,100	10,248,873	(1,562,227)
Refuse	2,500,000	2,500,000	2,638,958	138,958
Culture and Recreation	2,267,700	2,267,700	3,126,816	859,116
Hispanic Liaison Center	296,500	296,500	256,677	(39,823)
Community Development	3,500,000	3,500,000	3,451,060	(48,940)
Debt Service				
Principal Retirement	10,000	10,000	10,000	—
Total Expenditures	66,758,750	66,758,750	64,920,081	(1,838,669)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,093,010	1,093,010	9,382,959	8,289,949
Other Financing Sources (Uses)				
Disposal of Capital Assets	10,000	10,000	95,541	85,541
Transfers Out	(1,102,780)	(1,102,780)	(1,118,880)	(16,100)
	(1,092,780)	(1,092,780)	(1,023,339)	69,441
Net Change in Fund Balance	230	230	8,359,620	8,359,390
Fund Balance - Beginning			59,728,139	
Fund Balance - Ending			68,087,759	

VILLAGE OF MELROSE PARK, ILLINOIS

Mid-Metro TIF - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ 2,500,000	2,500,000	1,647,359	(852,641)
Charges for Services				
Rental Income	720,000	720,000	728,892	8,892
Interest Income	175,000	175,000	169,473	(5,527)
Total Revenues	3,395,000	3,395,000	2,545,724	(849,276)
Expenditures				
Community Development				
Professional Services	9,600	9,600	9,600	—
Repairs and Maintenance	—	—	326	326
Contractual Services	3,385,000	3,385,000	2,169,142	(1,215,858)
Total Expenditures	3,394,600	3,394,600	2,179,068	(1,215,532)
Net Change in Fund Balance	400	400	366,656	366,256
Fund Balance - Beginning			8,008,581	
Fund Balance - Ending			8,375,237	

Senior First TIF - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ 1,100,000	1,100,000	599,317	(500,683)
Interest Income	15,000	15,000	776	(14,224)
Total Revenues	1,115,000	1,115,000	600,093	(514,907)
Expenditures				
Community Development				
Professional Services	4,800	4,800	4,800	—
Contractual Services	900,000	900,000	102,938	(797,062)
Total Expenditures	904,800	904,800	107,738	(797,062)
Net Change in Fund Balance	210,200	210,200	492,355	282,155
Fund Balance - Beginning			351,417	
Fund Balance - Ending			843,772	

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Budgetary Comparison Schedules - Major Governmental Funds
- Combining Statements - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Nonmajor Governmental Funds
- Budgetary Comparison Schedules - Enterprise Fund
- Combining Statements - Pension Trust Funds
- Component Unit - Statement of Net Position and Combining Balance Sheet
- Component Unit - Statement of Activities and Combining Statement of Revenues, Expenditures and Changes in Fund Balance

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Mid-Metro TIF Fund

The Mid-Metro TIF Fund is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Mid-Metro TIF District.

Senior First TIF Fund

The Senior First TIF Fund is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Senior First TIF District. Per the terms of the 1992 Project Use Agreement.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for expenditures related to approved motor fuel tax projects and revenue from the state gasoline tax as collected and distributed by the State of Illinois.

25th and North TIF Fund

The 25th and North TIF Fund is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the 25th and North TIF District.

Lake Street Corridor TIF Fund

The Lake Street Corridor TIF Fund is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Lake Street Corridor TIF District.

Zenith Opus TIF Fund

The Zenith Opus TIF Fund is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Zenith Opus TIF District.

Chicago Avenue and Superior TIF Fund

The Chicago Avenue and Superior TIF Fund is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Chicago Avenue and Superior TIF District.

SPECIAL REVENUE FUNDS - Continued

Ruby Street TIF Fund

The Ruby Street TIF Fund is used to account for the accumulation of resources for, and the payment of expenditures within the boundaries of the Ruby Street TIF District.

DEBT SERVICE FUND

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

ENTERPRISE FUND

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

Water and Sewer Fund

The Water and Sewer Fund is used to account for operations of the water distribution system and sewer system.

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the Village’s sworn police personnel. Most rules and regulations of the fund are established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by sworn police personnel at rates fixed by state statutes and by the Village through an annual property tax levy.

Firefighters' Pension Fund

The Firefighters’ Pension Fund is used to account for the accumulation of resources to be used for retirement pensions for the Village’s sworn firefighter/paramedic personnel. Most rules and regulations of the fund are established by the Pension Division of the Illinois Department of Insurance. Resources are contributed by sworn firefighter/paramedic personnel at rates fixed by state statutes and by the Village through an annual property tax levy.

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Taxes				
Property	$ 16,422,500	16,422,500	17,386,101	963,601
Sales	24,832,500	24,832,500	28,574,065	3,741,565
Utility	2,100,000	2,100,000	2,258,560	158,560
Telecommunication	310,000	310,000	296,685	(13,315)
Parking	90,000	90,000	83,537	(6,463)
Amusement	467,000	467,000	480,471	13,471
Total Taxes	44,222,000	44,222,000	49,079,419	4,857,419
Intergovernmental				
State Income Tax	4,000,000	4,000,000	4,471,817	471,817
Replacement Tax	2,500,000	2,500,000	1,854,426	(645,574)
State Gaming Revenue	750,000	750,000	884,830	134,830
PUSH Tax	—	—	7,835	7,835
Grants	7,786,000	7,786,000	6,240,472	(1,545,528)
Total Intergovernmental	15,036,000	15,036,000	13,459,380	(1,576,620)
Licenses and Permits				
Business Licenses	535,000	535,000	704,107	169,107
Liquor Licenses	250,000	250,000	261,050	11,050
Animal Licenses	150	150	75	(75)
Vehicle Licenses	250,000	250,000	205,340	(44,660)
Contractor Licenses	70,000	70,000	69,120	(880)
Building Permit	1,200,000	1,200,000	1,076,297	(123,703)
Electrical Permit	25,000	25,000	19,265	(5,735)
Plumbing Permit	10,000	10,000	14,465	4,465
Sign Inspection Fees	22,500	22,500	9,570	(12,930)
Elevator Inspection Fees	15,000	15,000	23,860	8,860
Enforcement Fees	80,000	80,000	73,125	(6,875)
Reimbursable Engineering Fees	17,500	17,500	4,330	(13,170)
Sidewalk Repair Fees	40,000	40,000	20,225	(19,775)
Miscellaneous	20,050	20,050	27,764	7,714
Total Licenses and Permits	2,535,200	2,535,200	2,508,593	(26,607)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Charges for Services				
Copy Fees	$ 15,000	15,000	19,368	4,368
Ambulance Services	1,500,000	1,500,000	1,389,825	(110,175)
Fire Protection Fees	278,600	278,600	255,425	(23,175)
Franchise Fees	120,000	120,000	73,041	(46,959)
Tower Rental Fees	75,000	75,000	92,555	17,555
Taste of Melrose Park	450,000	450,000	482,686	32,686
Civic Center Fees	160,000	160,000	206,818	46,818
Miscellaneous	15,400	15,400	14,966	(434)
Total Charges for Services	2,614,000	2,614,000	2,534,684	(79,316)
Fines and Forfeitures				
Court Fines	30,000	30,000	50,583	20,583
Violation Fines	1,285,000	1,285,000	1,702,005	417,005
Total Fines and Forfeitures	1,315,000	1,315,000	1,752,588	437,588
Interest Income	500,560	500,560	2,741,383	2,240,823
Miscellaneous	1,629,000	1,629,000	2,226,993	597,993
Total Revenues	67,851,760	67,851,760	74,303,040	6,451,280

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government				
Mayor				
Regular Wages	$ 50,000	50,000	63,458	13,458
Trustees				
Regular Wages	147,100	147,100	157,401	10,301
Village Clerk's Office				
Regular Wages	65,000	65,000	75,000	10,000
Contractual Services	800	800	—	(800)
Professional Services	650	650	2,540	1,890
Travel and Meeting	50	50	—	(50)
Commodities	500	500	—	(500)
Training and Education	1,500	1,500	—	(1,500)
Miscellaneous	500	500	1,716	1,216
	69,000	69,000	79,256	10,256
Liquor Commission				
Regular Wages	25,000	25,000	28,333	3,333
	25,000	25,000	28,333	3,333
Village Attorney				
Professional Services	16,000	16,000	10,695	(5,305)
Miscellaneous	7,000	7,000	11,962	4,962
	23,000	23,000	22,657	(343)
Village Prosecutor				
Regular Wages	109,600	109,600	109,600	—
Village Treasurer				
Regular Wages	9,000	9,000	9,000	—

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government - Continued				
Finance and Administration				
Regular Wages	$ 880,000	880,000	807,762	(72,238)
Benefits	653,000	653,000	496,868	(156,132)
Contractual Services	60,000	60,000	66,303	6,303
Professional Services	1,302,400	1,302,400	1,561,626	259,226
Repairs and Maintenance	19,250	19,250	8,480	(10,770)
Commodities	277,500	277,500	218,531	(58,969)
Utilities	1,470,000	1,470,000	1,174,139	(295,861)
Risk Management	1,300,000	1,300,000	688,311	(611,689)
Miscellaneous	81,500	81,500	127,318	45,818
Capital Outlay	320,000	320,000	91,879	(228,121)
Interdepartmental Charge	(1,150,000)	(1,150,000)	(1,149,996)	4
	5,213,650	5,213,650	4,091,221	(1,122,429)
Village Hall				
Repairs and Maintenance	8,000	8,000	—	(8,000)
Utilities	500	500	562	62
Miscellaneous	4,000	4,000	883	(3,117)
	12,500	12,500	1,445	(11,055)
IMRF/Social Security				
Benefits	1,220,000	1,220,000	1,193,060	(26,940)
Interdepartmental Charge	(460,000)	(460,000)	(460,008)	(8)
	760,000	760,000	733,052	(26,948)
Public Relations				
Commodities	110,000	110,000	104,895	(5,105)
Miscellaneous	2,500	2,500	10,000	7,500
	112,500	112,500	114,895	2,395

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government - Continued				
Building Department				
Regular Wages	$ 950,000	950,000	1,046,015	96,015
Benefits	375,500	375,500	446,536	71,036
Contractual Services	1,000	1,000	13,473	12,473
Professional Services	43,500	43,500	16,884	(26,616)
Repairs and Maintenance	35,000	35,000	36,256	1,256
Commodities	12,000	12,000	14,209	2,209
Utilities	5,000	5,000	7,499	2,499
Miscellaneous	8,000	8,000	821	(7,179)
Capital Outlay	52,000	52,000	701	(51,299)
Interdepartmental Charge	(75,000)	(75,000)	(75,000)	—
	1,407,000	1,407,000	1,507,394	100,394
Total General Government	7,938,350	7,938,350	6,917,712	(1,020,638)
Public Safety				
Police Department				
Regular Wages	7,830,000	7,830,000	7,936,415	106,415
Overtime Wages	200,000	200,000	634,077	434,077
Benefits	2,735,000	2,735,000	3,104,462	369,462
Retirement Contributions	5,020,000	5,020,000	5,119,828	99,828
Contractual Services	112,000	112,000	71,475	(40,525)
Professional Services	170,000	170,000	425,933	255,933
Repairs and Maintenance	485,000	485,000	430,319	(54,681)
Animal Control and Impound	20,000	20,000	6,000	(14,000)
Commodities	287,500	287,500	286,312	(1,188)
Utilities	125,000	125,000	68,129	(56,871)
Training and Education	60,000	60,000	101,170	41,170
Miscellaneous	55,000	55,000	53,109	(1,891)
Risk Management	5,000	5,000	—	(5,000)
Capital Outlay	890,000	890,000	841,183	(48,817)
Interdepartmental Charge	(6,500)	(6,500)	(6,504)	(4)
	17,988,000	17,988,000	19,071,908	1,083,908

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Safety - Continued				
Fire Department				
Regular Wages	$ 6,090,000	6,090,000	6,082,894	(7,106)
Overtime Wages	60,000	60,000	58,218	(1,782)
Benefits	1,891,500	1,891,500	2,211,341	319,841
Retirement Contributions	5,850,000	5,850,000	5,996,337	146,337
Contractual Services	—	—	379	379
Professional Services	2,040,500	2,040,500	1,907,205	(133,295)
Repairs and Maintenance	338,500	338,500	398,475	59,975
Commodities	55,000	55,000	68,184	13,184
Utilities	20,000	20,000	8,981	(11,019)
EMS Services	285,000	285,000	279,635	(5,365)
Training and Education	35,000	35,000	25,084	(9,916)
Miscellaneous	4,500	4,500	3,084	(1,416)
Capital Outlay	2,202,000	2,202,000	744,639	(1,457,361)
Interdepartmental Charge	(600,000)	(600,000)	(600,000)	—
	18,272,000	18,272,000	17,184,456	(1,087,544)
Civil Defense				
Regular Wages	16,000	16,000	16,000	—
Benefits	8,500	8,500	241	(8,259)
Professional Services	1,322,000	1,322,000	1,520,471	198,471
Repairs and Maintenance	55,500	55,500	51,713	(3,787)
Commodities	11,600	11,600	8,921	(2,679)
Utilities	13,500	13,500	22,228	8,728
Training and Education	500	500	4,190	3,690
Miscellaneous	5,000	5,000	15,100	10,100
Capital Outlay	653,500	653,500	295,477	(358,023)
	2,086,100	2,086,100	1,934,341	(151,759)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Safety - Continued				
Youth Commission				
Regular Wages	$ 30,000	30,000	26,400	(3,600)
Board Compensation	10,800	10,800	10,500	(300)
Professional Services	1,000	1,000	825	(175)
Miscellaneous	7,000	7,000	7,355	355
	48,800	48,800	45,080	(3,720)
Fire and Police Commission				
Board Compensation	23,200	23,200	23,200	—
Professional Services	5,000	5,000	—	(5,000)
	28,200	28,200	23,200	(5,000)
Planning Commission				
Board Compensation	12,000	12,000	11,000	(1,000)
Total Public Safety	38,435,100	38,435,100	38,269,985	(165,115)
Highways and Streets				
Ornamental and Street Lighting				
Regular Wages	335,000	335,000	338,903	3,903
Overtime Wages	2,500	2,500	1,870	(630)
Benefits	150,500	150,500	171,739	21,239
Professional Services	25,000	25,000	9,131	(15,869)
Repairs and Maintenance	4,100	4,100	29,732	25,632
Commodities	17,500	17,500	16,504	(996)
Utilities	14,500	14,500	18,798	4,298
Capital Outlay	6,500	6,500	4,509	(1,991)
Interdepartmental Charge	(250,000)	(250,000)	(249,996)	4
	305,600	305,600	341,190	35,590
Mini-Bus Administration				
Regular Wages	130,000	130,000	133,806	3,806
Benefits	30,000	30,000	34,000	4,000
	160,000	160,000	167,806	7,806

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Highways and Streets - Continued				
Streets and Bridges				
Regular Wages	$ 1,175,000	1,175,000	1,149,101	(25,899)
Overtime Wages	40,000	40,000	29,780	(10,220)
Benefits	614,000	614,000	676,275	62,275
Professional Services	3,308,000	3,308,000	9,475,305	6,167,305
Repairs and Maintenance	463,000	463,000	358,784	(104,216)
Commodities	180,000	180,000	133,303	(46,697)
Utilities	6,500	6,500	7,307	807
Equipment Rental	20,000	20,000	21,148	1,148
Risk Management	20,000	20,000	13,373	(6,627)
Miscellaneous	25,000	25,000	24,722	(278)
Capital Outlay	7,744,000	7,744,000	100,779	(7,643,221)
Interdepartmental Charge	(2,250,000)	(2,250,000)	(2,250,000)	—
	11,345,500	11,345,500	9,739,877	(1,605,623)
Total Highways and Streets	11,811,100	11,811,100	10,248,873	(1,562,227)
Refuse				
Professional Services	2,500,000	2,500,000	2,638,958	138,958
Culture and Recreation				
Horticulture				
Professional Services	20,000	20,000	45,094	25,094
Repairs and Maintenance	26,000	26,000	48,100	22,100
Commodities	70,000	70,000	122,422	52,422
Utilities	1,000	1,000	667	(333)
Capital Outlay	5,000	5,000	—	(5,000)
	122,000	122,000	216,283	94,283
Environmental Control				
Professional Services	7,500	7,500	6,600	(900)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Culture and Recreation - Continued				
Taste of Melrose				
Contractual Services	$ 8,000	8,000	2,563	(5,437)
Professional Services	100,000	100,000	93,125	(6,875)
Repairs and Maintenance	155,000	155,000	210,293	55,293
Commodities	50,000	50,000	100,798	50,798
Miscellaneous	87,000	87,000	139,199	52,199
	400,000	400,000	545,978	145,978
Senior Building				
Professional Services	8,500	8,500	22,554	14,054
Repairs and Maintenance	104,500	104,500	148,798	44,298
Commodities	9,000	9,000	19,289	10,289
Utilities	13,000	13,000	9,126	(3,874)
Miscellaneous	15,000	15,000	399,172	384,172
	150,000	150,000	598,939	448,939
Civic Center				
Regular Wages	660,000	660,000	789,046	129,046
Overtime Wages	45,500	45,500	79,118	33,618
Benefits	330,000	330,000	379,749	49,749
Contractual Services	60,000	60,000	42,675	(17,325)
Professional Services	235,000	235,000	248,071	13,071
Repairs and Maintenance	122,000	122,000	93,240	(28,760)
Commodities	25,700	25,700	58,398	32,698
Utilities	85,000	85,000	44,219	(40,781)
Miscellaneous	25,000	25,000	24,500	(500)
	1,588,200	1,588,200	1,759,016	170,816
Total Culture and Recreation	2,267,700	2,267,700	3,126,816	859,116

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Hispanic Liaison Center				
Regular Wages	$ 100,000	100,000	101,001	1,001
Professional Services	180,000	180,000	121,737	(58,263)
Commodities	6,000	6,000	14,632	8,632
Utilities	10,500	10,500	19,307	8,807
Total Hispanic Liaison Center	296,500	296,500	256,677	(39,823)
Community Development				
Economic Incentive	3,500,000	3,500,000	3,451,060	(48,940)
Debt Service				
Principal Retirement	10,000	10,000	10,000	—
Interest and Fiscal Charges	—	—	—	—
Total Debt Service	10,000	10,000	10,000	—
Total Expenditures	66,758,750	66,758,750	64,920,081	(1,838,669)

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

See Following Page

VILLAGE OF MELROSE PARK, ILLINOIS

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

		Special	
		Motor Fuel Tax	25th and North TIF
ASSETS			
Cash and Investments	$	4,034,610	—
Receivables - Net of Allowances			
Taxes		—	—
Due from Other Governments		295,347	—
Advances to Other Funds		—	—
Total Assets		4,329,957	—
LIABILITIES			
Accounts Payable		30,677	—
Advances from Other Funds		—	—
Total Liabilities		30,677	—
DEFERRED INFLOWS OF RESOURCES			
Property Taxes		—	—
Grants		194,961	—
Total Deferred Inflows of Resources		194,961	—
Total Liabilities and Deferred Inflows of Resources		225,638	—
FUND BALANCES			
Restricted		4,104,319	—
Total Liabilities, Deferred Inflows of Resources and Fund Balances		4,329,957	—

Revenue					
Lake Street Corridor TIF	Zenith Opus TIF	Chicago Avenue and Superior TIF	Ruby Street TIF	Debt Service	Totals
2,872,032	2,217,435	621,703	10,890,690	2,645,167	23,281,637
—	—	—	—	451,877	451,877
—	—	—	—	—	295,347
—	—	—	—	735,850	735,850
2,872,032	2,217,435	621,703	10,890,690	3,832,894	24,764,711
400	400	400	—	—	31,877
418,750	—	400	—	—	419,150
419,150	400	800	—	—	451,027
—	—	—	—	309,600	309,600
—	—	—	—	—	194,961
—	—	—	—	309,600	504,561
419,150	400	800	—	309,600	955,588
2,452,882	2,217,035	620,903	10,890,690	3,523,294	23,809,123
2,872,032	2,217,435	621,703	10,890,690	3,832,894	24,764,711

VILLAGE OF MELROSE PARK, ILLINOIS

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

	Special	
	Motor Fuel Tax	25th and North TIF
Revenues		
Taxes	$ —	—
Intergovernmental	1,132,723	—
Interest Income	4,711	—
Total Revenues	1,137,434	—
Expenditures		
Highways and Streets	1,305,847	—
Community Development	—	—
Debt Service		
Principal Retirement	—	—
Interest and Fiscal Charges	—	—
Total Expenditures	1,305,847	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	(168,413)	—
Other Financing Sources (Uses)		
Transfers In	—	349,259
Transfers Out	(64,520)	—
	(64,520)	349,259
Net Change in Fund Balances	(232,933)	349,259
Fund Balances - Beginning	4,337,252	(349,259)
Fund Balances - Ending	4,104,319	—

Revenue					
Lake Street Corridor TIF	Zenith Opus TIF	Chicago Avenue and Superior TIF	Ruby Street TIF	Debt Service	Totals
331,804	609,194	—	1,510,701	297,443	2,749,142
—	—	—	—	—	1,132,723
112,147	34,129	313	4,081	19,157	174,538
443,951	643,323	313	1,514,782	316,600	4,056,403
—	—	—	—	—	1,305,847
398,850	4,800	4,800	—	—	408,450
—	—	—	—	1,290,000	1,290,000
—	—	—	—	475,477	475,477
398,850	4,800	4,800	—	1,765,477	3,479,774
45,101	638,523	(4,487)	1,514,782	(1,448,877)	576,629
—	—	—	—	1,442,300	1,791,559
(275,000)	—	—	(333,159)	—	(672,679)
(275,000)	—	—	(333,159)	1,442,300	1,118,880
(229,899)	638,523	(4,487)	1,181,623	(6,577)	1,695,509
2,682,781	1,578,512	625,390	9,709,067	3,529,871	22,113,614
2,452,882	2,217,035	620,903	10,890,690	3,523,294	23,809,123

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental				
Motor Fuel Tax Allotments	$ 1,040,000	1,040,000	1,132,016	92,016
Grants	1,735,000	1,735,000	707	(1,734,293)
Interest Income	4,000	4,000	4,711	711
Total Revenues	2,779,000	2,779,000	1,137,434	(1,641,566)
Expenditures				
Highways and Streets				
Contractual Services	3,120,000	3,120,000	872,458	(2,247,542)
Utilities	400,000	400,000	433,389	33,389
Total Expenditures	3,520,000	3,520,000	1,305,847	(2,214,153)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(741,000)	(741,000)	(168,413)	572,587
Other Financing (Uses)				
Transfers Out	(64,520)	(64,520)	(64,520)	—
Net Change in Fund Balance	(805,520)	(805,520)	(232,933)	572,587
Fund Balance - Beginning			4,337,252	
Fund Balance - Ending			4,104,319	

25th and North Avenue TIF - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ —	—	—	—
Expenditures				
Community Development				
Contractual Services	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	—	—
Other Financing Sources				
Transfers In	333,159	333,159	349,259	16,100
Net Change in Fund Balance	333,159	333,159	349,259	16,100
Fund Balance - Beginning			(349,259)	
Fund Balance - Ending			—	

VILLAGE OF MELROSE PARK, ILLINOIS

Lake Street Corridor TIF - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ 500,000	500,000	331,804	(168,196)
Interest Income	50,000	50,000	112,147	62,147
Total Revenues	550,000	550,000	443,951	(106,049)
Expenditures				
Community Development				
Professional Services	4,800	4,800	4,800	—
Contractual Services	195,000	195,000	50	(194,950)
Capital Outlay	75,000	75,000	394,000	319,000
Total Expenditures	274,800	274,800	398,850	124,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	275,200	275,200	45,101	(230,099)
Other Financing (Uses)				
Transfers Out	(275,000)	(275,000)	(275,000)	—
Net Change in Fund Balance	200	200	(229,899)	(230,099)
Fund Balance - Beginning			2,682,781	
Fund Balance - Ending			2,452,882	

Zenith Opus TIF - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ 950,000	950,000	609,194	(340,806)
Interest Income	32,500	32,500	34,129	1,629
Miscellaneous	225,000	225,000	—	(225,000)
Total Revenues	1,207,500	1,207,500	643,323	(564,177)
Expenditures				
Community Development				
Professional Services	4,800	4,800	4,800	—
Contractual Services	950,000	950,000	—	(950,000)
Total Expenditures	954,800	954,800	4,800	(950,000)
Net Change in Fund Balance	252,700	252,700	638,523	385,823
Fund Balance - Beginning			1,578,512	
Fund Balance - Ending			2,217,035	

Chicago Avenue and Superior TIF - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ 75,000	75,000	—	(75,000)
Interest Income	12,500	12,500	313	(12,187)
Total Revenues	87,500	87,500	313	(87,187)
Expenditures				
Community Development				
Professional Services	4,800	4,800	4,800	—
Contractual Services	85,050	85,050	—	(85,050)
Total Expenditures	89,850	89,850	4,800	(85,050)
Net Change in Fund Balance	(2,350)	(2,350)	(4,487)	(2,137)
Fund Balance - Beginning			625,390	
Fund Balance - Ending			620,903	

Ruby Street TIF - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ 2,500,000	2,500,000	1,510,701	(989,299)
Interest Income	15,000	15,000	4,081	(10,919)
Total Revenues	2,515,000	2,515,000	1,514,782	(1,000,218)
Expenditures				
Community Development				
Professional Services	4,800	4,800	—	(4,800)
Contractual Services	2,170,000	2,170,000	—	(2,170,000)
Total Expenditures	2,174,800	2,174,800	—	(2,174,800)
Excess (Deficiency) of Revenues Over (Under) Expenditures	340,200	340,200	1,514,782	1,174,582
Other Financing (Uses)				
Transfers Out	(333,159)	(333,159)	(333,159)	—
Net Change in Fund Balance	7,041	7,041	1,181,623	1,174,582
Fund Balance - Beginning			9,709,067	
Fund Balance - Ending			10,890,690	

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes				
Property Taxes	$ 288,400	288,400	297,443	9,043
Interest Income	20,000	20,000	19,157	(843)
Total Revenues	308,400	308,400	316,600	8,200
Expenditures				
Debt Service				
Principal Retirement	1,290,000	1,290,000	1,290,000	—
Interest and Fiscal Charges	475,479	475,479	475,477	(2)
Total Expenditures	1,765,479	1,765,479	1,765,477	(2)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,457,079)	(1,457,079)	(1,448,877)	8,202
Other Financing Sources				
Transfers In	1,442,300	1,442,300	1,442,300	—
Net Change in Fund Balance	(14,779)	(14,779)	(6,577)	8,202
Fund Balance - Beginning			3,529,871	
Fund Balance - Ending			3,523,294	

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating Revenues				
Charges for Services				
Water and Sewer Sales	$ 35,000,000	35,000,000	36,225,408	1,225,408
Meter Sales	160,000	160,000	91,255	(68,745)
Total Operating Revenues	35,160,000	35,160,000	36,316,663	1,156,663
Operating Expenses				
Operations				
Administration	6,085,500	6,085,500	6,513,695	428,195
Water Transmission	27,881,500	27,881,500	24,227,579	(3,653,921)
Sewer	1,203,000	1,203,000	1,046,324	(156,676)
Water and Sewer Facilities	107,500	107,500	66,891	(40,609)
Depreciation	880,000	880,000	954,616	74,616
Total Operating Expenses	36,157,500	36,157,500	32,809,105	(3,348,395)
Operating Income (Loss)	(997,500)	(997,500)	3,507,558	4,505,058
Nonoperating Revenues				
Interest Income	8,000	8,000	3,402	(4,598)
Grants	990,000	990,000	—	(990,000)
Disposal of Capital Assets	—	—	7,500	7,500
	998,000	998,000	10,902	(987,098)
Change in Net Position	500	500	3,518,460	3,517,960
Net Position - Beginning			46,463,540	
Net Position - Ending			49,982,000	

VILLAGE OF MELROSE PARK, ILLINOIS

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operations				
Administration				
Regular Wages	$ 245,000	245,000	213,056	(31,944)
Benefits	250,000	250,000	726,244	476,244
Interdepartmental Charges	4,791,500	4,791,500	4,791,504	4
Professional Services	70,000	70,000	76,465	6,465
Repairs and Maintenance	351,500	351,500	438,128	86,628
Operating Supplies	21,000	21,000	5,164	(15,836)
Utilities	1,500	1,500	—	(1,500)
Risk Management	300,000	300,000	158,463	(141,537)
Miscellaneous	55,000	55,000	104,671	49,671
Total Administration	6,085,500	6,085,500	6,513,695	428,195
Water Transmission				
Cost of Sales and Services - Water				
Regular Wages	900,000	900,000	977,373	77,373
Overtime Wages	60,000	60,000	88,004	28,004
Benefits	404,000	404,000	336,629	(67,371)
Professional Services	100,000	100,000	532,431	432,431
Repairs and Maintenance	2,310,000	2,310,000	1,001,035	(1,308,965)
Purchased Water	20,000,000	20,000,000	20,672,071	672,071
Utilities	325,000	325,000	517,673	192,673
Operating Supplies	12,500	12,500	25,069	12,569
Mains and Hydrants	300,000	300,000	74,297	(225,703)
Machinery and Equipment - Other	15,000	15,000	245	(14,755)
Auto Equipment	100,000	100,000	—	(100,000)
Capital Projects	3,350,000	3,350,000	—	(3,350,000)
Miscellaneous	5,000	5,000	2,752	(2,248)
Total Water Transmission	27,881,500	27,881,500	24,227,579	(3,653,921)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operations - Continued				
Sewer				
Cost of Sales and Services - Sewer				
Regular Wages	$ 260,000	260,000	287,399	27,399
Overtime Wages	30,000	30,000	29,428	(572)
Benefits	210,000	210,000	240,468	30,468
Professional Services	500,500	500,500	70,342	(430,158)
Repairs and Maintenance	161,000	161,000	382,389	221,389
Utilities	500	500	—	(500)
Commodities	40,500	40,500	35,657	(4,843)
Machinery and Equipment - Other	500	500	—	(500)
Miscellaneous	—	—	641	641
Total Sewer	1,203,000	1,203,000	1,046,324	(156,676)
Water and Sewer Facilities				
Repairs and Maintenance	50,000	50,000	54,503	4,503
Utilities	55,000	55,000	12,326	(42,674)
Machinery and Equipment - Other	2,500	2,500	62	(2,438)
Total Water and Sewer Facilities	107,500	107,500	66,891	(40,609)
Total Operations	35,277,500	35,277,500	31,854,489	(3,423,011)
Depreciation	880,000	880,000	954,616	74,616
Total Operating Expenses	36,157,500	36,157,500	32,809,105	(3,348,395)

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

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	$ 7,410,799	5,097,551	12,508,350
Investments			
Illinois Police Officers' Pension Investment Fund	44,518,122	—	44,518,122
Illinois Firefighters' Pension Investment Fund	—	42,012,285	42,012,285
Due from Municipality	2,080,344	2,413,658	4,494,002
Prepaids	2,559	6,542	9,101
Total Assets	54,011,824	49,530,036	103,541,860
LIABILITIES			
Accounts Payable	5,610	1,250	6,860
NET POSITION			
Net Position Restricted for Pensions	54,006,214	49,528,786	103,535,000

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

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	$ 5,119,828	5,996,337	11,116,165
Contributions - Plan Members	706,771	566,170	1,272,941
Contributions - Other	91,924	—	91,924
Total Contributions	5,918,523	6,562,507	12,481,030
Investment Income			
Interest Earned	406,603	240,310	646,913
Net Change in Fair Value	5,844,229	6,350,777	12,195,006
	6,250,832	6,591,087	12,841,919
Less Investment Expenses	(28,179)	(78,159)	(106,338)
Net Investment Income	6,222,653	6,512,928	12,735,581
Total Additions	12,141,176	13,075,435	25,216,611
Deductions			
Administration	73,127	53,422	126,549
Benefits and Refunds	5,149,097	5,964,869	11,113,966
Total Deductions	5,222,224	6,018,291	11,240,515
Change in Fiduciary Net Position	6,918,952	7,057,144	13,976,096
Net Position Restricted for Pensions			
Beginning	47,087,262	42,471,642	89,558,904
Ending	54,006,214	49,528,786	103,535,000

Component Unit - Melrose Park Public Library
Statement of Net Position and Combining Balance Sheet - Governmental Funds
December 31, 2025

	Library	Adjustments	Statement of Net Position
ASSETS			
Cash and Investments	$ 60,546	—	60,546
Receivables - Net of Allowances			
Property Taxes	1,418,249	—	1,418,249
Prepaids	12,613	—	12,613
Capital Assets			
Nondepreciable	—	333,332	333,332
Depreciable	—	1,227,993	1,227,993
Accumulated Depreciation	—	(921,157)	(921,157)
Total Assets	1,491,408	640,168	2,131,576
LIABILITIES			
Accounts Payable	15,631	—	15,631
Insurance Claims Payable	42,244	—	42,244
Due to Other Governments	537,643	—	537,643
Total Liabilities	595,518	—	595,518
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	959,136	—	959,136
Total Liabilities and Deferred Inflows of Resources	1,554,654	—	1,554,654
FUND BALANCES/NET POSITION			
Investment in Capital Assets	—	640,168	640,168
Nonspendable	12,613	(12,613)	—
Unassigned	(75,859)	75,859	—
Unrestricted	—	(63,246)	(63,246)
Total Fund Balances/Net Position	(63,246)	640,168	576,922
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	1,491,408	640,168	2,131,576

Component Unit - Melrose Park Public Library

Statement of Activities and Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the Fiscal Year Ended December 31, 2025

	Library	Adjustments	Statement of Activities
Revenues			
Taxes			
Property Taxes	$ 968,392	—	968,392
Intergovernmental	36,574	—	36,574
Miscellaneous	6,567	—	6,567
Total Revenues	1,011,533	—	1,011,533
Expenditures			
Culture and Recreation	995,308	16,143	1,011,451
Net Change in Fund Balances/Net Position	16,225	(16,143)	82
Fund Balances/Net Position - Beginning	(79,471)	656,311	576,840
Fund Balances/Net Position - Ending	(63,246)	640,168	576,922

SUPPLEMENTAL SCHEDULES

Long-Term Debt Requirements
General Obligation Bonds of 2012
December 31, 2025

Date of Issue	April 19, 2012
Date of Maturity	December 15, 2032
Authorized Issue	$14,355,000
Interest Rates	3.50% - 5.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago, IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	$ 805,000	254,200	1,059,200
2027	835,000	222,000	1,057,000
2028	870,000	188,600	1,058,600
2029	905,000	153,800	1,058,800
2030	940,000	117,600	1,057,600
2031	980,000	80,000	1,060,000
2032	1,020,000	40,800	1,060,800
	6,355,000	1,057,000	7,412,000

Long-Term Debt Requirements
General Obligation Bonds of 2016
December 31, 2025

Date of Issue	September 29, 2016
Date of Maturity	December 15, 2026
Authorized Issue	$3,660,000
Interest Rates	2.00% - 3.20%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago, IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	$ 300,000	9,600	309,600

Long-Term Debt Requirements
General Obligation Bonds of 2020
December 31, 2025

Date of Issue	October 1, 2020
Date of Maturity	December 15, 2040
Authorized Issue	$5,970,000
Interest Rates	2.00% - 5.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago, IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2026	$ 245,000	152,450	397,450
2027	255,000	140,200	395,200
2028	270,000	127,450	397,450
2029	285,000	113,950	398,950
2030	300,000	99,700	399,700
2031	315,000	84,700	399,700
2032	330,000	68,950	398,950
2033	335,000	62,350	397,350
2034	340,000	55,650	395,650
2035	350,000	48,850	398,850
2036	355,000	41,850	396,850
2037	365,000	33,862	398,862
2038	370,000	25,650	395,650
2039	380,000	17,325	397,325
2040	390,000	8,775	398,775
	4,885,000	1,081,712	5,966,712

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

Lauterbach & Amen
668 N. River Road
Naperville, IL 60563
630.393.1483
lauterbachamen.com

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

July 8, 2026

The Honorable Mayor
Members of the Board of Trustees
Village of Melrose Park, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Melrose Park (the Village), Illinois, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 8, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP