VILLAGE OF BARRINGTON HILLS, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Village of Barrington Hills
Barrington Hills, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

Village of Barrington Hills

as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Barrington Hills as of December 31, 2025, and the respective changes in financial position 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 (GAAS). 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 Village of Barrington Hills 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 issuance date, including any currently known information that may rise 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 Village of Barrington Hills'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 Village of Barrington Hills'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 required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Eccezion

Eccezion
Strategic Business Solutions

McHenry, Illinois
June 22, 2026

REQUIRED SUPPLEMENTARY INFORMATION

As management of Village of Barrington Hills (Village), we offer readers of the Village's statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Both perspectives (government-wide and fund level financial statements) 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.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference amongst those being reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating when comparing year to year results.

The Statement of Activities presents information showing how the Village'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).

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, roads and bridges, and health services.

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

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

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

The Village maintains three 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, Public Safety Fund, and Roads and Bridges Fund, all of which are considered to be major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. 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 used for fiduciary funds is much like that used for proprietary funds. The Village's fiduciary fund includes the Police Pension Trust Fund.

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 appropriation to actual for the General Fund, Public Safety Fund and Roads and Bridges Fund along with information concerning the Village's Illinois Municipal Retirement Fund and police pension obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $95,214 at December 31, 2025.

The following table presents a summary of the Village's net position for the years ended December 31, 2025 and 2024:

Village of Barrington Hills' Statement of Net Position

	Governmental Activities	
	FY 2025	FY 2024
Assets		
Current and Other Assets	$ 12,011,559	$ 12,263,424
Net Pension Asset - IMRF	3,182,632	2,283,766
Capital Assets	1,843,908	1,717,717
Total Assets	$ 17,038,099	$ 16,264,907
Deferred Outflows of Resources		
Pension Expense - IMRF	$ 22,480	$ 240,612
Pension Expense - Police Pension	935,815	2,161,047
Total Deferred Outflows of Resources	$ 958,295	$ 2,401,659
Liabilities		
Other Liabilities	$ 469,718	$ 300,101
Net Pension Liability - Police	8,181,534	11,402,636
Long-Term Liabilities Outstanding	503,430	489,859
Total Liabilities	$ 9,154,682	$ 12,192,596
Deferred Inflows of Resources		
Property Taxes	$ 4,692,000	$ 4,692,000
Pension Revenue - IMRF	532,111	-
Pension Revenue - Police Pension	3,522,387	1,630,371
Total Deferred Inflows of Resources	$ 8,746,498	$ 6,322,371
Net Position		
Net Investment in Capital Assets	$ 1,749,457	$ 1,717,717
Restricted	5,038,206	4,016,510
Unrestricted	(6,692,449)	(5,582,628)
Total Net Position	$ 95,214	$ 151,599

One portion of the Village's Net Position reflects its investment in capital assets (e.g., land, construction in progress, buildings, 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; consequently, these assets are not available for future spending. Although the Village's investment in 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.

The Village's net position decreased by $56,385 during the current fiscal year, which includes a prior period adjustment of $157,532 – See Note 14 for more details on this adjustment.

Governmental Activities. Governmental activities decreased the Village's net position by $213,917. Key differences from the prior year are as follows:

Village of Barrington Hills' Change in Net Position

	Governmental Activities	
	FY 2025	FY 2024
Revenues		
Program Revenues		
Charges for Services	$ 553,033	$ 497,580
Operating Grants and Contributions	272,008	248,581
General Revenues		
Property Taxes	4,848,590	4,953,304
State Sales and Use Tax	451,930	380,084
State Income Tax	741,937	698,642
State Utility Tax	461,824	427,973
Other Taxes	60,186	71,025
Investment Income	291,492	369,095
Other	74,194	29,397
Total Revenues	$ 7,755,194	$ 7,675,681
Expenses		
General Government	$ 2,451,365	$ 2,049,029
Public Safety	4,070,742	4,704,935
Roads and Bridges	1,439,548	1,111,971
Health Services	7,456	7,182
Total Expenses	$ 7,969,111	$ 7,873,117
Increase/(Decrease) in Net Position	$ (213,917)	$ (197,436)
Net Position - Beginning of Year, as previously presented	$ 151,599	$ 575,051
Change in Accounting Principle	-	(226,016)
Error Corrections	157,532	-
Net Position - Beginning of Year, as restated	$ 309,131	$ 349,035
Net Position - End of Year	$ 95,214	$ 151,599

Net Position as of December 31, 2025 was restated due to the correction of prior period errors regarding the prior year implementation of the new Compensated Absences standard and a prior year financed purchase. See Note 14 for more details on this adjustment.

Revenues for governmental activities increased by $79,513, or 1.0%, in relation to the prior year.

Expenses for governmental activities increased by $95,994 or 1.2%, in relation to the prior year. This was due mainly to an increase in general government and road and bridges expenses, partially offset by a decrease in public safety expenses.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

At December 31, 2025, the Village's governmental funds reported combined ending fund balances of $6,534,017, a decrease of $737,306 in comparison with the prior year. Approximately 70% of this total amount constitutes unassigned fund balance, which is available for spending at the Village's discretion. The remaining fund balance (30%) constitutes fund balance that it is not available for new spending because it has already been restricted, assigned, or committed for specific purposes, or is nonspendable.

The General Fund is the chief operating fund of the Village. At December 31, 2025, the fund balance of the General Fund was $4,793,241, of which $4,574,563 is unassigned. As a measure of the General

Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 110.1% of total General Fund expenditures.

The General Fund's fund balance decreased by $889,045 during the year. Overall, revenues increased slightly compared to the prior year, with tax revenue and investment income decreasing, while fees, permits and licenses, intergovernmental and miscellaneous revenues increased. The decrease in tax income was mainly due to the late receipt of Cook County taxes, which required certain amounts to be deferred that were not normally deferred in prior years. Expenditures increased compared to the prior year, mainly due to higher general government and capital outlay expenditures. Transfers from the General Fund to the Public Safety Fund were the main cause of the decrease in Fund Balance in the current year.

The Public Safety Fund reported a fund balance increase of $369,077 during the year. Overall, revenues decreased compared to the prior year, mostly due to a decrease in tax revenue, which was partially offset by an increase in grant revenues. The decrease in tax income was mainly due to the late receipt of Cook County taxes, which required certain amounts to be deferred that were not normally deferred in prior years. The increase in expenditures was due to an increase in salaries. Transfers from the General Fund to the Public Safety Fund made up for the deficiency of revenues over expenditures, causing the increase in Fund Balance in the current year.

The Roads and Bridges Fund reported a fund balance decrease of $217,338 due to a decrease in tax revenue. The decrease in tax income was mainly due to the late receipt of Cook County taxes, which required certain amounts to be deferred that were not normally deferred in prior years. Expenditures increased mainly due to an increase in road maintenance expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village did not amend their budget during the year ended December 31, 2025.

Significant differences between budgeted and actual revenue and expenditures are summarized as follows:

The General Fund actual revenue was more than budgeted revenue by $201,503 (favorable). The most significant variances were related to fees, permits and licenses and intergovernmental revenues, where actual amounts were higher than budgeted amounts.

The General Fund actual expenditures were less than budgeted expenditures by $332,854 (favorable). The most significant variance was related to Public Safety and capital outlay expenditures, where actual amounts were lower than budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village's investment in capital assets for its governmental activities as of December 31, 2025 amounts to $1,843,908 (net of accumulated depreciation). This investment includes land, buildings and building improvements, and machinery and equipment.

Village of Barrington Hills' Capital Assets (net of depreciation)

	Governmental Activities		
	2025	2024	
Land	$ 350,349	$ 350,349	
Construction in Progress	26,120	-	
Buildings and Building Improvements	831,358	877,445	
Machinery and Equipment	636,081	635,104	*
Total	$ 1,843,908	$ 1,862,898	*

*This is the restated balance due to correction of a prior period error - See Note 14

Major capital asset events during the year ended December 31, 2025 included the following:

- Two Chevrolet Tahoe vehicles and upgrades for a total cost of $146,835
- Ford Utility Squad Car for a total cost of 47,641

For more detail on the Village's capital assets, see Note 3 in the Notes to the Financial Statements.

Long-Term Debt. At June 30, 2025, the Village's long-term debt obligations consisted of the following:

Village of Barrington Hills' Outstanding Debt

	Governmental Activities		
	2025	2024	
Finance Purchase Agreements	$ 94,451	$ 125,934	*
Total	$ 94,451	$ 125,934	*

*This is the restated balance due to correction of a prior period error - See Note 14

The Village made principal payments on outstanding debt in the amount of $31,483 in the current year.

For more detail on the Village's long-term debt, see Note 4 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In developing the fiscal year 2026 budget, Village officials evaluated a range of economic factors, including reserve levels, property tax revenues, user fees, and overall financial sustainability. A key consideration in this process is the broader economic climate. Similar to many municipalities, the Village continues to experience the effects of persistent inflation, fluctuating interest rates, and evolving economic conditions that may influence costs for goods and services, as well as development activity within the community.

Looking ahead, the Village anticipates that these economic conditions will continue to present both challenges and opportunities. While inflationary pressures and uncertainty in construction activity may impact operating and capital costs, the Village's strong financial position, conservative budgeting practices, and stable tax base are expected to mitigate significant risk. At this time, no material changes are anticipated that would adversely affect the Village's overall financial condition, and the Village remains committed to maintaining fiscal stability while adapting to future economic trends.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Village of Barrington Hills, 112 Algonquin Rd, Barrington Hills, Illinois 60010-5199.

BASIC FINANCIAL STATEMENTS

VILLAGE OF BARRINGTON HILLS, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2025

		Governmental Activities
ASSETS		
Cash and Cash Equivalents	$	3,122,129
Investments		2,497,770
Receivables (Net of Allowance for Estimated Uncollectible Amounts)		
Property Taxes		5,940,515
Accrued Interest		13,898
Due from Other Governments		243,424
Other Receivables		89,943
Prepaid Items		103,880
Net Pension Asset - IMRF		3,182,632
Capital Assets		
Land, Construction in Progress, and Other Non-Depreciable Assets		376,469
Other Capital Assets, Net of Depreciation		1,467,439
TOTAL ASSETS	$	17,038,099
DEFERRED OUTFLOWS OF RESOURCES		
Pension Expense - IMRF	$	22,480
Pension Expense - Police Pension		935,815
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	958,295
LIABILITIES		
Accounts Payable	$	153,420
Payroll Withholding Payable		168
Due to Police Pension		227,130
Escrow Liability		89,000
Non-Current Liabilities		
Due Within One Year		
Compensated Absences		190,811
Other Liabilities		31,483
Due in More Than One Year		
Compensated Absences		218,168
Other Liabilities		62,968
Net Pension Liability - Police		8,181,534
TOTAL LIABILITIES	$	9,154,682
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$	4,692,000
Pension Revenue - IMRF		532,111
Pension Revenue - Police Pension		3,522,387
TOTAL DEFERRED INFLOWS OF RESOURCES	$	8,746,498
NET POSITION		
Investment in Capital Assets	$	1,749,457
Restricted for:		
Police Protection		438,242
Motor Fuel Tax		211,913
Illinois Municipal Retirement Fund		3,290,749
Road and Bridges		1,090,621
Unemployment Insurance		6,681
Unrestricted/(Deficit)		(6,692,449)
TOTAL NET POSITION	$	95,214

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental Activities				
General Government	$ 2,451,365	$ 543,316	$ 84,191	$ (1,823,858)
Public Safety	4,070,742	9,717	-	(4,061,025)
Roads and Bridges	1,439,548	-	187,817	(1,251,731)
Health Services	7,456	-	-	(7,456)
Total Governmental Activities	$ 7,969,111	$ 553,033	$ 272,008	$ (7,144,070)

General Revenues	
Taxes	
Property Tax	$ 4,848,590
State Utility Tax	461,824
Intergovernmental	
State Sales and Use Tax	451,930
State Income Tax	741,937
Other Taxes	60,186
Investment Income	291,492
Miscellaneous	74,194
Total General Revenues and Transfers	$ 6,930,153
Change in Net Position	$ (213,917)
Net Position - January 1, 2025, as previously presented	$ 151,599
Error Corrections	157,532
Net Position - January 1, 2025, as restated	$ 309,131
Net Position - December 31, 2025	$ 95,214

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Special Revenue Funds: Public Safety Fund	Special Revenue Funds: Roads and Bridges Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 1,977,591	$ -	$ 1,144,538	$ 3,122,129
Investments	2,497,770	-	-	2,497,770
Receivables (Net of Allowance for Estimated Uncollectible Amounts)				
Property Taxes	1,926,908	3,058,669	954,938	5,940,515
Accrued Interest	13,898	-	-	13,898
Due from Other Governments	226,769	-	16,655	243,424
Other Receivables	83,631	6,312	-	89,943
Prepaid Items	103,880	-	-	103,880
TOTAL ASSETS	$ 6,830,447	$ 3,064,981	$ 2,116,131	$ 12,011,559
LIABILITIES				
Accounts Payable	$ 101,606	$ -	$ 51,814	$ 153,420
Payroll Withholding Payable	168	-	-	168
Due to Police Pension	227,130	-	-	227,130
Escrow Liability	89,000	-	-	89,000
TOTAL LIABILITIES	$ 417,904	$ -	$ 51,814	$ 469,718
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	$ 1,619,302	$ 2,626,739	$ 761,783	$ 5,007,824
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 1,619,302	$ 2,626,739	$ 761,783	$ 5,007,824
FUND BALANCES				
Nonspendable				
Prepaids	$ 103,880	$ -	$ -	$ 103,880
Restricted for:				
Police Protection	-	438,242	-	438,242
Motor Fuel Tax	-	-	211,913	211,913
Illinois Municipal Retirement Fund	108,117	-	-	108,117
Road and Bridges	-	-	1,090,621	1,090,621
Unemployment Insurance	6,681	-	-	6,681
Unassigned	4,574,563	-	-	4,574,563
TOTAL FUND BALANCES	$ 4,793,241	$ 438,242	$ 1,302,534	$ 6,534,017
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,830,447	$ 3,064,981	$ 2,116,131	$ 12,011,559

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Governmental Funds		$ 6,534,017
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.		
Capital Assets, net of accumulated depreciation		1,843,908
Some assets/(liabilities) are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	$ (408,979)	
Finance Purchase Agreement	(94,451)	
Net Pension Asset - IMRF	3,182,632	
Net Pension Liability - Police	(8,181,534)	
		(5,502,332)
Deferred OPEB/pension costs in governmental activities are not financial resources and therefore are not reported in the funds.		
Pension Deferred Outflows - IMRF	$ 22,480	
Pension Deferred Outflows - Police	935,815	
Pension Deferred Inflows - IMRF	(532,111)	
Pension Deferred Inflows - Police	(3,522,387)	
		(3,096,203)
Other assets/liabilities are not available to pay for current period expenditures and therefore are deferred inflows/outflows of resources in the funds		
Deferred Property Taxes		315,824
Net Position of Governmental Activities		$ 95,214

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Special Revenue Funds: Public Safety Fund	Special Revenue Funds: Roads and Bridges Fund	Total Governmental Funds
REVENUES				
Taxes	$ 1,856,968	$ 2,111,457	$ 1,026,165	$ 4,994,590
Fees, Permits and Licenses	303,771	-	-	303,771
Charges for Services	104,900	7,456	-	112,356
Fines and Forfeitures	136,906	-	-	136,906
Intergovernmental	1,257,688	-	187,817	1,445,505
Investment Income	284,147	-	7,345	291,492
Grant Revenues	-	80,556	-	80,556
Miscellaneous Revenue	96,869	-	-	96,869
Total Revenues	$ 4,041,249	$ 2,199,469	$ 1,221,327	$ 7,462,045
EXPENDITURES				
Current				
General Government	$ 2,246,479	$ -	$ -	$ 2,246,479
Public Safety	1,567,365	2,622,802	-	4,190,167
Roads and Bridges	-	-	1,438,665	1,438,665
Health Services	7,456	-	-	7,456
Capital Outlay	302,646	-	-	302,646
Debt Service				
Principal	31,483	-	-	31,483
	$ 4,155,429	$ 2,622,802	$ 1,438,665	$ 8,216,896
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (114,180)	$ (423,333)	$ (217,338)	$ (754,851)
OTHER FINANCING SOURCES/(USES)				
Transfers	$ (792,410)	$ 792,410	$ -	$ -
Sale of Capital Assets	17,545	-	-	17,545
	$ (774,865)	$ 792,410	$ -	$ 17,545
NET CHANGE IN FUND BALANCES	$ (889,045)	$ 369,077	$ (217,338)	$ (737,306)
FUND BALANCES - JANUARY 1, 2025	5,682,286	69,165	1,519,872	7,271,323
FUND BALANCES - DECEMBER 31, 2025	$ 4,793,241	$ 438,242	$ 1,302,534	$ 6,534,017

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds		$ (737,306)
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. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Depreciation Expense	$ (203,188)	
Capital Outlays	244,402	
		41,214
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the undepreciated balance of the capital assets sold.		
Proceeds from Sale of Capital Assets	$ (17,703)	
Capital Asset Insurance Proceeds	(22,675)	
Gain/(Loss) on Sale of Capital Assets	(19,826)	
		(60,204)
Governmental funds only report revenues that provide current financial resources. Amounts deferred in the current year, due to not providing current financial resources, are reported as revenue in the Statement of Activities in the current year		315,824
Some revenue/expenses reported in the Statement of Activities do not provide/use current financial resources and therefore are not reported as revenues/expenditures in the governmental funds.		
Pension Revenue/(Expense) - IMRF	$ 144,657	
Pension Revenue/(Expense) - Police	(962,948)	
Compensated Absences	(57,405)	
		(875,696)
Employer Pension Contributions are expensed in the fund financial statements but are treated as a reduction in the Net Pension Liability on the government-wide financial statements.		
Pension Employer Contributions - IMRF	$ 3,966	
Pension Employer Contributions - Police Pension	1,066,802	
		1,070,768
Repayment of long-term debt requires the use of current financial resources of governmental funds and is therefore shown as an expenditure in the Statement of Revenues, Expenditures, and Changes in Fund Balances, but the repayment reduces long-term liabilities in the Statement of Net Position and is therefore not reported in the Statement of Activities.		
Repayment of Finance Purchase Agreements		31,483
Change in Net Position of Governmental Activities		$ (213,917)

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	POLICE PENSION TRUST FUND
ASSETS	
Cash and Cash Equivalents	$ 180,150
Investments	
Illinois Police Pension Consolidated Investment Fund	20,260,936
Due from Municipality	227,130
Prepaid Items	3,478
TOTAL ASSETS	$ 20,671,694
TOTAL LIABILITIES	$ -
NET POSITION	
Restricted for Pensions	$ 20,671,694
TOTAL NET POSITION	$ 20,671,694

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
FUND FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	POLICE PENSION TRUST FUND
ADDITIONS	
Contributions	
Employer	$ 1,066,802
Plan Members	293,052
Total Contributions	$ 1,359,854
Investment Income	
Interest and Dividends	$ 102,080
Increase/(Decrease) in Fair Value of Investments	2,972,523
	$ 3,074,603
Less: Investment Management Fees	16,053
Net Investment Income	$ 3,058,550
TOTAL ADDITIONS	$ 4,418,404
DEDUCTIONS	
Benefits	$ 1,132,940
Administrative Expenses	25,417
TOTAL DEDUCTIONS	$ 1,158,357
NET INCREASE/(DECREASE)	$ 3,260,047
NET POSITION - JANUARY 1, 2025	17,411,647
NET POSITION - DECEMBER 31, 2025	$ 20,671,694

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies used by the Village are discussed below.

A. *Reporting Entity*

The Village's financial reporting entity comprises the following:

Primary Government: Village of Barrington Hills

In determining the financial reporting entity, the Village complies with the provisions of GASB Statements and includes all component units that have a significant operational or financial relationship with the Village. Based upon the criteria set forth in the GASB Statements, there are no component units included in the reporting entity.

The Village's sworn police officers 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 Village Officials and three elected active 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 pension trust fund.

B. *Basic Financial Statements – Government-Wide Statements*

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund (reporting the Village's major funds) financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's general government, public safety, roads and bridges, and health services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Village first 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. The functions are also supported by general government revenues (property taxes, sales taxes, unrestricted investment earnings among other similar revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, roads and bridges, or health services). Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, sales taxes, unrestricted investment earnings, and other similar revenues).

The Village does not allocate indirect costs. Direct costs are allocated amongst Village departments based on the share of goods or services used by each department.

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.

C. *Basic Financial Statements – 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 comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column. 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) for the determination of major funds. The Village electively added all funds as major funds.

If a fund is not electively added as major, the determination of a major fund is as follows:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10% 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 fund are at least 5% of the corresponding total for all governmental funds.

The following fund types are used by the Village:

1. 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 Village reports these governmental funds and fund types:

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. This is considered a major fund.

Special Revenue Funds – The 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 has two special revenue funds.

Public Safety Fund – Used to account for resources that are restricted, committed or assigned to supporting expenditures for the Village's public safety operation, including police protection, the school crossing guard program, and expenditures related to drug, DUI and gang awareness and prevention programs.

Roads and Bridges Fund – Used to account for resources that are restricted, committed or assigned to supporting expenditures for the repair and maintenance of the Village's roads and bridges.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trust 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 – 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 be used for disability and retirement annuity payments to employees covered by the plan.

The Village's Fiduciary Fund is 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 beneficiaries) and cannot be used to address activities or obligations of the Village, this fund is not incorporated into the government-wide statements.

D. *Measurement Focus*

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

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

E. *Basis of Accounting*

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Property tax revenues are recognized in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements are met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met, and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

F. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all of the Village's funds. Instead, the funds maintain their uninvested cash balances in common checking accounts, with accounting records being maintained to show the portion of the common bank account balances attributable to each participating fund.

Occasionally certain funds participating in the commingled bank accounts will incur overdrafts (deficits) in the accounts. Such overdrafts in effect constitute cash borrowed from other Village funds and are, therefore, interfund loans that have not been authorized by Village Board action.

As of December 31, 2025, there were no cash overdrafts in any Village fund.

Cash and cash equivalents as well as investments on the Statement of Net Position are considered to be cash on hand, demand deposits, or cash with fiscal agent.

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.

G. *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.

All receivables are reported net of estimated uncollectible amounts.

H. *Prepaids*

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

I. *Interfund Activity*

Interfund activity is reported either 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. Interfund services provided and used are not eliminated in the process of consolidation.

J. *Capital Assets*

Capital assets purchased or acquired with an original cost of $2,500, dependent on asset category, are reported at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is provided on the straight-line half-year basis over the following estimated useful lives:

Buildings and Building Improvements	20-45 years
Machinery and Equipment	5-20 years

K. *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the Balance Sheets and Statements of Net Position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource until that time.

L. *Compensated Absences*

Under terms of employment, employees are granted sick leave and vacation in varying amounts. Only benefits considered to be vested are disclosed in the statements. Vested sick and vacation pay is accrued when earned in the financial statements, if it is more likely than not to be used for time off or otherwise paid in cash. At December 31, 2025, the liability for compensated absences totaled $408,979.

M. *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, rather than expensed in the current year. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures at the time of issuance.

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

N. *Lease and Subscription-Based IT Arrangements*

The Village recognizes a right-to-use liability and asset for various lease and subscription-based IT agreements in the government-wide financial statements.

At the commencement of a lease or subscription-based IT agreement, the Village initially measures the right-to-use liability at the present value of payments expected to be made during the agreement term. Subsequently, the right-to-use liability is reduced by the principal portion payments made. The right-to-use asset is initially measured as the initial amount of the right-to-use liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the term of the lease or subscription-based IT agreement. Key estimates and judgments related to leases or subscription-based IT agreements include how the Village determines (1) the discount rate it uses to discount the expected payments to present value, (2) the term, and (3) payments.

The Village uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Village uses its estimated incremental borrowing rate as the discount rate for leases or subscription-based IT agreements.

The term includes the noncancellable period of the lease or subscription-based IT agreement. Payments included in the measurement of the right-to-use liability are composed of fixed payments and purchase option prices that the Village is reasonably certain to exercise.

The Village monitors changes in circumstances that would require a remeasurement of its lease or subscription-based IT agreements and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the right-to-use liability. Right-to-use assets are reported with Capital Assets and right-to-use liabilities are reported with Long Term Liabilities on the Statement of Net Position.

The Village currently has no material leases that fall under this type of arrangement.

O. *Government-Wide Net Position*

Government-wide net position is divided into three components:

1. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets. When there is no capital related debt, this component is referred to investment in capital assets.
2. Restricted net position – consists of net position that is restricted by the Village's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
3. Unrestricted – all other net position is reported in this category.

P. *Governmental Fund Balances*

Governmental fund balances are divided between nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

1. Restricted – Restricted fund balances are restricted when constraints are placed on the use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
2. Committed – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Village Board. Board approval of an ordinance is required to establish, modify, or rescind a fund balance commitment. Committed amounts cannot be used for any other

purpose unless the Village Board removes those constraints by taking the same type of action (ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

3. Assigned – Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by an appointed body (e.g., a budget or finance committee) or official to which the Board of Trustees has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

   Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Village itself. All assigned fund balances are the residual amounts of the fund.

4. Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to represent negative fund balances in other funds.

The Village permits funds to be expended in the following order: Restricted, Committed, Assigned and Unassigned.

The Village has a Fund Balance Policy in place that was recommended by the Finance Committee, which requires a fund balance to contain no less than six months of the General Fund and Police Protection Fund expenditures, not to include extraordinary one-time material expenditures and the contribution to the Police Pension Fund. The fund balance is intended to be sufficient to provide financial resources for the Village in the event of an emergency or the loss of a major revenue source.

Q. *Property Tax Calendar and Revenues*

The Village's property tax is levied each calendar year on all taxable real property located in the Village's boundaries by December of the subsequent fiscal year. The 2025 levy was passed by the Board on November 18, 2024. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The Village receives significant distributions of tax receipts approximately one month after these dates.

R. *Estimates*

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

NOTE 2 - CASH AND INVESTMENTS AND FAIR VALUE MEASUREMENT

The Village maintains common checking, savings, and investment accounts for all funds combined with the individual fund balances being maintained by the Village.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral for all funds on deposit at 110%, including checking accounts and certificates of deposit, that are in excess of FDIC insurance. The collateral must be in the name of the Village and held at an independent third party institution and must be evidenced by a written agreement. At December 31, 2025, the Village was in compliance with this policy.

Investments

The Village is allowed to invest in securities as authorized by the Illinois Compiled Statutes, Chapter 30, Act 235/Articles 2 and 6.

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

The Police Pension Fund holds all investments within the Illinois Police Officers’ Pension Investment Fund (IPOPIF). IPOPIF was created by Public Act 101-0610 and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds as defined in 40 ILCS 5/ 22B-105. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory and all Police Pension Fund investments are held with IPOPIF. IPOPIF’s investment policy was originally adopted by the Board of Trustees on December 17, 2021. IPOPIF has the authority to invest trust fund assets in any type of security subject to the requirements and restrictions set forth in the Illinois Pension Code and is not restricted by the Pension Code sections that pertained exclusively to the Article 3 participating police pension funds.

Interest Rate Risk

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

As of December 31, 2025, the Village and Police Pension had the following investments, maturities, and fair value measurements:

Village

Types of investments	Credit Quality/Ratings	Segmented Time Distribution	Amount	Fair Value Measurement Using: Level 1	Fair Value Measurement Using: Level 2	Net Asset Value (NAV)
Certificates of Deposit	N/A	less than 1 year	$ 2,497,770	$ -	$ 2,497,770	$ -
Illinois Funds Investment Pool	AAAm	less than 1 year	2,080,739	-	-	2,080,739
Total Investments			$ 4,578,509	$ -	$ 2,497,770	$ 2,080,739

Police Pension

Types of investments	Credit Quality/Ratings	Segmented Time Distribution	Amount	Fair Value Measurement Using: Level 1	Fair Value Measurement Using: Level 2	Net Asset Value (NAV)
Illinois Funds	AAAm	less than 1 year	$ 97,549	$ -	$ -	$ 97,549
Consolidated Police Pension IPOPIF Investment Pool	N/A	less than 1 year	20,260,936	-	-	20,260,936
Total Investments			$ 20,358,485	$ -	$ -	$ 20,358,485

The Village and Police Pension Fund categorize 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; debt securities and certificates of deposit 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; Level 3 inputs are significant unobservable inputs.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities and certificates of deposit 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.

The investments in the Illinois Fund Investment Pool are measured at net asset value. Illinois Funds is not registered with the Securities and Exchange Commission (SEC) but operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

The Police Pension Fund held no investments subject to fair value measurement as of December 31, 2025.

The Police Pension Fund's pooled investment in IPOPIF, as noted in the table above, is valued at Net Asset Value per share. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org under Governing Documents, Policies, Investment Policy Statement. Investments in IPOPIF are valued at IPOPIF's share price, which is the amount it would cost to buy the shares in the investment pool.

Credit Risk

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in negotiable certificates of deposit. The negotiable certificates of deposit are not rated but are each covered by FDIC insurance up to $250,000.

Custodial Credit Risk

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

Concentration of Credit Risk

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

NOTE 3 - CAPITAL ASSETS

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

	Balance 1/1/2025	Increases	Decreases	Balance 12/31/2025
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 350,349	$ -	$ -	$ 350,349
Construction in Progress	-	26,120	-	26,120
Total Capital Assets not being depreciated	$ 350,349	$ 26,120	$ -	$ 376,469
Other Capital Assets				
Buildings and Building Improvements	$ 2,450,846	$ 11,250	$ -	$ 2,462,096
Machinery and Equipment	1,912,024 *	207,032	158,763	1,960,293
Total Other Capital Assets at Historical Cost	$ 4,362,870	$ 218,282	$ 158,763	$ 4,422,389
Less Accumulated Depreciation for:				
Buildings and Building Improvements	$ 1,573,401	$ 57,337	$ -	$ 1,630,738
Machinery and Equipment	1,276,920	145,851	98,559	1,324,212
Total Accumulated Depreciation	$ 2,850,321	$ 203,188	$ 98,559	$ 2,954,950
Other Capital Assets, Net	$ 1,512,549	$ 15,094	$ 60,204	$ 1,467,439
Governmental Activities Capital Assets, Net	$ 1,862,898	$ 41,214	$ 60,204	$ 1,843,908

*This is the restated balance due to correction of a prior period error - See Note 14

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	$ 63,473
Public Safety	138,832
Roads and Bridges	883
Total Governmental Activities Depreciation Expense	$ 203,188

NOTE 4 - LONG-TERM LIABILITY ACTIVITY

Long-term liability activity for the year ended December 31, 2025 was as follows:

	Balance 1/1/2025	Additions	Retirements	Balance 12/31/2025	Amounts Due Within One Year
Governmental Activities					
Other Long-Term Liabilities					
Compensated Absences*	$ 351,574 **	$ 57,405	$ -	$ 408,979	$ 190,811
Finance Purchase Agreement	125,934 **	-	31,483	94,451	31,483
Total Other Long-Term Liabilities	$ 477,508	$ 57,405	$ 31,483	$ 503,430	$ 222,294
Governmental Activities Long-Term Obligations	$ 477,508	$ 57,405	$ 31,483	$ 503,430	$ 222,294

*The change in compensated absences liability is presented as a net change

**This is the restated balance due to correction of a prior period error - See Note 14

Finance purchase agreements consisted of the following at December 31, 2025:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Axon Body Cameras	1/1/2028	n/a	$ 81,736	$ 61,302
Axon Fleet	2/1/2028	n/a	44,198	33,149

At December 31, 2025, the annual debt service requirements to service finance purchase agreements attributable to governmental activities are:

Year Ending December 31	Principal	Interest	Total
2026	$ 31,483	$ -	$ 31,483
2027	31,483	-	31,483
2028	31,485	-	31,485
	94,451	-	94,451

Finance purchase agreements are being repaid from the General Fund.

NOTE 5 - PROPERTY TAXES

Property taxes receivable of $5,940,515 and unavailable revenue of $4,692,000 recorded in these financial statements are from the 2025 tax levy plus any remaining 2024 levy distributions made within 60 days of the Village's fiscal year-end. The 2025 taxes are unavailable as a majority of the taxes are not collected before the end of the fiscal year and the Village does not consider the amounts to be available and does not budget for their use in fiscal year 2025. The Village has determined that 100% of the amounts collected for 2024 and prior levies are allocable for use in fiscal year 2025 and, therefore, are recorded in these financial statements as property taxes revenue ($4,532,766). A summary of the assessed valuation, rates, and extensions for the years 2024, 2023, and 2022 follows:

COOK COUNTY

Tax Year	2024		2023		2022	
Assessed Valuation	$243,955,309		$241,712,958		$240,160,042	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.0002	$ 578	0.0156	$ 37,707	0.0709	$ 170,273
Police Protection	0.5285	1,289,338	0.5516	1,333,289	0.5391	1,294,703
Police Pension	0.2675	652,493	0.2614	631,838	0.2445	587,191
Social Security	0.0428	104,306	0.0432	104,420	0.0447	107,352
Audit	0.0145	35,349	0.0146	35,290	0.0137	32,902
Street and Bridge	0.2363	576,581	0.2386	576,727	0.2404	577,345
Street Lighting	0.0010	2,317	0.0012	2,900	0.0012	3,122
Unemployment Insurance	-	-	0.0001	242	0.0001	240
Liability Insurance	0.0237	57,949	0.0240	58,011	0.0219	52,595
	1.1145	$ 2,718,911	1.1503	$ 2,780,424	1.1765	$ 2,825,723

McHENRY COUNTY

Tax Year	2024		2023		2022	
Assessed Valuation	$147,294,726		$131,826,258		$130,640,185	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.0002	$ 267	0.0137	$ 18,018	0.0615	$ 80,359
Police Protection	0.4008	590,292	0.4836	637,561	0.4677	610,944
Police Pension	0.2028	298,728	0.2292	302,147	0.2121	277,126
Social Security	0.0324	47,753	0.0379	49,896	0.0462	50,623
Audit	0.0110	16,183	0.0128	16,909	0.0119	15,563
Street and Bridge	0.1792	263,973	0.2092	275,815	0.2085	272,448
Street Lighting	0.0007	1,062	0.0011	1,387	0.0011	1,459
Unemployment Insurance	-	-	0.0001	138	0.0001	138
Liability Insurance	0.0180	26,531	0.0210	27,719	0.0190	24,768
Prior Year Adjustment	-	-	-	-	(0.0968)	(126,419)
	0.8451	$ 1,244,789	1.0086	$ 1,329,590	0.9314	$ 1,207,009

LAKE COUNTY

Tax Year	2024		2023		2022	
Assessed Valuation	$84,276,263		$78,007,031		$66,542,786	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.0002	$ 148	0.0114	$ 8,912	0.0581	$ 39,830
Police Protection	0.3907	329,301	0.4042	315,331	0.4416	302,808
Police Pension	0.1978	166,649	0.1916	149,440	0.2003	137,355
Social Security	0.0316	26,640	0.0316	24,679	0.0366	25,093
Audit	0.0107	9,029	0.0107	8,364	0.0113	7,714
Street and Bridge	0.1747	147,261	0.1749	136,415	0.1969	135,036
Street Lighting	0.0007	593	0.0009	686	0.0011	723
Unemployment Insurance	-	-	0.0001	69	0.0001	69
Liability Insurance	0.0176	14,801	0.0176	13,711	0.0179	12,277
Revenue Recapture	0.0033	2,801	0.0045	3,542	0.0029	2,020
	0.8273	$ 697,223	0.8476	$ 661,149	0.9669	$ 662,925

KANE COUNTY

Tax Year	2024		2023		2022	
Assessed Valuation	$13,028,115		$11,788,218		$10,808,208	
	Rate	Extension	Rate	Extension	Rate	Extension
General	0.0002	$ 24	0.0126	$ 1,489	0.0600	$ 6,482
Police Protection	0.4115	53,623	0.4468	52,670	0.4560	49,284
Police Pension	0.2083	27,137	0.2117	24,961	0.2068	22,355
Social Security	0.0333	4,338	0.0350	4,122	0.0378	4,084
Audit	0.0113	1,470	0.0119	1,397	0.0116	1,255
Street and Bridge	0.1841	23,979	0.1933	22,786	0.2033	21,978
Street Lighting	0.0007	96	0.0010	114	0.0370	118
Unemployment Insurance	-	-	0.0001	11	0.0010	11
Liability Insurance	0.0185	2,410	0.0194	2,290	0.0185	1,998
	0.8679	$ 113,077	0.9318	$ 109,840	1.0320	$ 107,565

NOTE 6 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended December 31, 2025, none of the Village’s funds had expenditures exceeding budgeted amounts.

NOTE 7 - ILLINOIS MUNICIPAL RETIREMENT FUND

A. *Plan Description*

The Village’s defined benefit agent multiple-employer pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Village’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

B. *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).

All three IMRF benefit plans have two tiers. 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 ten 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 ten 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.

C. *Employees Covered by Benefit Terms*

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. As of December 31, 2025, the following employees were covered by the benefit terms:

Inactive plan members and beneficiaries currently receiving benefits	22
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	6
Total	42

D. *Contributions*

As set by statute, the Village's Regular Plan Members are required to contribute 4.5% 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. The Village's annual contribution rate for the calendar years 2024 and 2025 were 0.78% and 0.72%, respectively. For the fiscal year ended December 31, 2025, the Village contributed $3,966 to the plan. The Village also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

E. *Net Pension (Asset)/Liability*

The components of the net pension (asset)/liability of the IMRF actuarial valuation performed as of December 31, 2025, with a measurement date as of that date, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	$ 7,499,698
IMRF Fiduciary Net Position	10,682,330
Village's Net Pension (Asset)/Liability	(3,182,632)
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability	142.44%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information following the notes to the financial statements for additional information related to the funded status of the plan.

F. *Actuarial Assumptions*

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

Assumptions:	
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.25%
Salary Increases	2.85% - 13.75% including inflation
Interest Rate	7.25%
Projected Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation according to an experience study from years 2020 to 2022.

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 were used.

G. *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2025:

Asset Class	Target Allocation	Projected Return
Equities	32.50%	7.35%
International Equities	18.00%	7.45%
Fixed Income	24.00%	4.75%
Real Estate	10.50%	6.25%
Alternatives	14.00%	
Private Equity		8.50%
Hedge Funds		N/A
Commodities		3.90%
Cash Equivalents	1.00%	3.00%
	100.00%	

H. *Single Discount Rate*

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2025. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution

rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 4.83%; and resulting single discount rate is 7.25%. The prior year single discount rate was 7.25% and increased 0.00% to the current year single discount rate.

I. *Changes in the Net Pension (Asset)/Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset)/Liability (A)-(B)
Balances at December 31, 2024	$ 7,273,784	$ 9,557,550	$ (2,283,766)
Changes for the year:			
Service Cost	$ 44,294	$ -	$ 44,294
Interest on the Total Pension Liability	513,266	-	513,266
Differences Betw een Expected and Actual Experience of the Total Pension Liability	101,164	-	101,164
Contributions - Employer	-	3,966	(3,966)
Contributions - Employee	-	24,793	(24,793)
Net Investment Income	-	1,481,636	(1,481,636)
Benefit Payments, including Refunds of Employee Contributions	(432,810)	(432,810)	-
Other (Net Transfer)	-	47,195	(47,195)
Net Changes	$ 225,914	$ 1,124,780	$ (898,866)
Balances at December 31, 2025	$ 7,499,698	$ 10,682,330	$ (3,182,632)

J. *Sensitivity of the Net Pension (Asset)/Liability to Changes in the Discount Rate*

The following presents the plan's net pension (asset)/liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension (Asset)/Liability	$ (2,426,225)	$ (3,182,632)	$ (3,762,627)

K. *Pension Expense/(Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended December 31, 2025, the Village recognized pension expense/(income) of $(144,657). At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred (Inflows)/Outflows of Resources
Differences between expected and actual experience	$ 22,480	$ -	$ 22,480
Net difference between projected and actual earnings on pension plan investments	-	532,111	(532,111)
Total deferred amounts to be recognized in pension expense in future periods	$ 22,480	$ 532,111	$ (509,631)
Pension contributions made subsequent to the measurement date	-	-	-
Total deferred amounts related to pensions	$ 22,480	$ 532,111	$ (509,631)

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

Year Ending December 31	Net Deferred (Inflows)/Outflows of Resources
2026	$ 147,640
2027	(281,769)
2028	(215,172)
2029	(160,330)
2030	-
Thereafter	-
	$ (509,631)

NOTE 8 - POLICE PENSION PLAN

A. *Plan Administration*

Full-time police sworn personnel of the Village are covered by The Police Pension Fund of the Village (Plan). Although this is a single-member pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statues (40 IL CS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the Plan as a pension trust fund. No separate report is issued on this pension plan.

The Pension Board administers the Plan and the Illinois Department of Insurance is the oversight agency. The Board consists of five elected or appointed members.

B. *Plan Membership*

At January 1, 2025, the date of the latest actuarial valuation, Plan participation consisted of:

Inactive plan members or beneficiaries currently receiving benefits	12
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	16
Total	28

C. *Benefits Provided*

The Plan provides retirement, disability, and death benefits to Plan members and their beneficiaries. Chapter 40-Pensions-Act 5/Article 3 of the Illinois Compiled Statutes assigns the authority to establish and amend the benefit provisions of the Plan to the Illinois legislature.

Covered employees hired before January 1, 2011 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary.

Covered employees hired on or after January 1, 2011 attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of $106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lessor of 3% or ½ the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

D. *Contributions*

Employees are required by Illinois Compiled Statutes (ILCS) to contribute 9.91% of their base salary to the 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. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Plan. For the year ended December 31, 2025, the Village's contribution was 54% of covered payroll.

E. *Money-Weighted 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 17.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. *Net Pension Liability*

The components of the net pension liability of the Plan as of December 31, 2025, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	$ 28,853,228
Plan Fiduciary Net Position	20,671,694
Village's Net Pension Liability	8,181,534
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.64%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Required Supplementary Information for additional information related to the funded status of the Plan.

G. *Actuarial Assumptions*

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

Actuarial Valuation Date	January 1, 2025
Actuarial Cost Method	Entry Age Normal (Level %)
Assumptions	
Inflation	2.50%
Salary Increases	4.00% - 13.42%
Investment Rate of Return	6.50%
Asset Valuation Method	5-Year Smoothed Market Value

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved generationally using MP-2021 Improvement Rates.

25% of active Member deaths are assumed to be in the Line of Duty.

Retiree Mortality follows the L&A Assumption Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved generationally using MP-2021 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2021 using MP-2021 Improvement Rates. These rates are then improved generationally using MP-2021 Improvement Rates.

Spouse Mortality follows the L&A Assumption Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors improved to 2021 using MP-2021 Improvement Rates. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. These rates are then improved generationally using MP-2021 Improvement Rates.

H. *Discount Rate*

The discount rate used to measure the total pension liability was 6.40%. The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent to which the Plan's projected fiduciary net position will be able to cover projected benefit payments. To the extent that projected benefit payments are covered by the Plan's projected fiduciary net position, the expected rate of return on Plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent that projected benefit payments are not covered by the Plan's projected fiduciary net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

The Plan's projected fiduciary net position is expected to cover future benefit payments in full for the current employees.

Projected benefit payments are determined during the actuarial process based on assumptions. More details on the assumptions are in the prior section. The expected contributions are based on the funding policy of the Plan.

I. *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	$ 28,830,810	$ 17,428,174	$ 11,402,636
Changes for the year:			
Service Cost	$ 603,332	$ -	$ 603,332
Interest on the Total Pension Liability	1,723,333	-	1,723,333
Differences Between Expected and Actual Experience of the Total Pension Liability	(324,435)	-	(324,435)
Changes of Assumptions	(846,872)	-	(846,872)
Contributions - Employer	-	1,066,802	(1,066,802)
Contributions - Employee	-	185,838	(185,838)
Contributions - Other	-	107,214	(107,214)
Net Investment Income	-	3,058,264	(3,058,264)
Benefit Payments, including Refunds of Employee Contributions	(1,132,940)	(1,132,940)	-
Administrative Expense	-	(25,131)	25,131
Prior Period Audit Adjustment	-	(16,527)	16,527
Net Changes	$ 22,418	$ 3,243,520	$ (3,221,102)
Balances at December 31, 2025	$ 28,853,228	$ 20,671,694	$ 8,181,534

J. *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.40%, as well as what the plan's net pension liability would be if it were calculated using a single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Net Pension Liability	$12,220,347	$ 8,181,534	$ 4,963,717

K. *Pension Expense and 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 $962,948. At December 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Expense in Future Periods	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred (Inflows)/Outflows of Resources
Differences between expected and actual experience	$ 320,939	$ 513,993	$ (193,054)
Assumption changes	614,876	1,562,973	(948,097)
Net difference between projected and actual earnings on pension investments	-	1,445,421	(1,445,421)
Total deferred amounts to be recognized in pension expense in future periods	$ 935,815	$ 3,522,387	$ (2,586,572)

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

Year Ending December 31	Net Deferred (Inflows)/Outflows of Resources
2026	$ (76,339)
2027	(1,028,338)
2028	(754,882)
2029	(690,697)
2030	(36,316)
Thereafter	-
	$ (2,586,572)

NOTE 9 - POST-EMPLOYMENT BENEFIT COMMITMENTS – POST-RETIREMENT HEALTH PLAN

The Village provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the Village are required to pay 100% of the current premium. However, no retired employees have chosen to stay in the Village's health insurance plan. Therefore, there has been 0% utilization and, therefore, no implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additionally, the Village had no former employees for whom the Village was providing an explicit subsidy and no current employees with agreements for future explicit subsidies upon retirement. Therefore, the Village has not recorded any postemployment benefit liability as of December 31, 2025.

NOTE 10 - INTERFUND BALANCES AND TRANSFERS

The Village's interfund balances at December 31, 2025 consist of the following:

Due From	Due To	Balance
General Fund	Police Pension Fund	$ 227,130

The balance due from the General Fund to the Police Pension Fund is to adjust for property tax contributions owed to the Police Pension Fund.

The Village made one transfer of $792,410 from the General Fund to the Public Safety Fund to cover expenditures in excess of revenues and also due to the timing of cash flows from the late receipt of property taxes from Cook County.

NOTE 11 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the current fiscal year or the two prior fiscal years.

NOTE 12 - CONTINGENCIES

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 13 - NET INVESTMENT IN CAPITAL ASSET CALCULATION

Net investment in capital asset calculation as of December 31, 2025, was as follows:

Governmental Activities		
Capital Assets, Net of Accumulated Depreciation	$	1,843,908
Less:		
Capital Related Debt		(94,451)
Investment in Capital Assets	$	1,749,457

NOTE 14 - ADJUSTMENT TO NET POSITION BEGINNING BALANCE

Net position adjustments were made to the Government-Wide Statement of Activities for the following:

- Correct compensated absences liability, due to prior year liability being overstated by $138,285 due to incorrect calculations of the historical percentage.
- Record capital asset and related liability beginning balances for Axon camera system that should have been recorded in the prior year for a net adjustment of $19,247.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Government-Wide	
	Governmental Activities	
12/31/2024 as previously stated	$	151,599
Error Corrections		157,532
12/31/2024 as adjusted or restated	$	309,131

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BARRINGTON HILLS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
DECEMBER 31, 2025

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
TOTAL PENSION LIABILITY										
Service Cost	$ 44,294	$ 42,931	$ 42,386	$ 41,460	$ 42,540	$ 42,883	$ 46,905	$ 48,689	$ 50,562	$ 58,124
Interest on Total Pension Liability	513,266	495,887	486,430	470,830	462,422	453,995	439,037	408,876	410,040	397,493
Differences Between Expected and Actual Experience	101,164	-	12,977	91,687	(13,237)	47,383	96,985	341,488	(370)	(28,899)
Changes of Assumptions	-	127,942	111	-	-	(58,604)	-	165,552	(174,985)	-
Benefit Payments, Including Refunds of Member Contributions	(432,810)	(422,659)	(400,809)	(377,731)	(372,688)	(365,809)	(383,399)	(336,013)	(263,645)	(247,649)
Net Change in Total Pension Liability	$ 225,914	$ 244,101	$ 141,095	$ 226,246	$ 119,037	$ 119,848	$ 199,528	$ 628,592	$ 21,602	$ 179,069
Total Pension Liability - Beginning	7,273,784	7,029,683	6,888,588	6,662,342	6,543,305	6,423,457	6,223,929	5,595,337	5,573,735	5,394,666
Total Pension Liability - Ending	$ 7,499,698	$ 7,273,784	$ 7,029,683	$ 6,888,588	$ 6,662,342	$ 6,543,305	$ 6,423,457	$ 6,223,929	$ 5,595,337	$ 5,573,735
PLAN FIDUCIARY NET POSITION										
Contributions - Employer	$ 3,966	$ 4,072	$ 4,059	$ 3,800	$ 3,602	$ 3,572	$ 3,550	$ 3,693	$ 4,481	$ 18,491
Contributions - Member	24,793	23,097	22,834	22,207	21,051	21,148	20,745	21,575	23,454	24,403
Net Investment Income	1,481,636	917,880	929,861	(1,326,979)	1,544,148	1,177,424	1,354,699	(441,734)	1,181,814	425,165
Benefit Payments, Including Refunds of Member Contributions	(432,810)	(422,659)	(400,809)	(377,731)	(372,688)	(365,809)	(383,399)	(336,013)	(263,645)	(247,649)
Administrative Expenses	47,195	(81,370)	281,323	42,514	(82,151)	66,927	(20,144)	223,567	(38,878)	95,627
Net Change in Plan Fiduciary Net Position	$ 1,124,780	$ 441,020	$ 837,268	$ (1,636,189)	$ 1,113,962	$ 903,262	$ 975,451	$ (528,912)	$ 907,226	$ 316,037
Plan Net Position - Beginning	9,557,550	9,116,530	8,279,262	9,915,451	8,801,489	7,898,227	6,922,776	7,451,688	6,544,462	6,228,425
Plan Net Position - Ending	$10,682,330	$ 9,557,550	$ 9,116,530	$ 8,279,262	$ 9,915,451	$ 8,801,489	$ 7,898,227	$ 6,922,776	$ 7,451,688	$ 6,544,462
Village's Net Pension (Asset)/Liability	$ (3,182,632)	$ (2,283,766)	$ (2,086,847)	$ (1,390,674)	$ (3,253,109)	$ (2,258,184)	$ (1,474,770)	$ (698,847)	$ (1,856,351)	$ (970,727)
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	142.44%	131.40%	129.69%	120.19%	148.83%	134.51%	122.96%	111.23%	133.18%	117.42%
Covered Payroll	$ 550,950	$ 521,899	$ 507,427	$ 493,506	$ 467,800	$ 469,947	$ 461,001	$ 479,453	$ 521,193	$ 542,290
Employer's Net Pension (Asset)/Liability as a Percentage of Covered Payroll	-577.66%	-437.59%	-411.26%	-281.79%	-695.41%	-480.52%	-319.91%	-145.76%	-356.17%	-179.01%

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
DECEMBER 31, 2025

	12/31/2025*	12/31/2024*	12/31/2023*	12/31/2022*	12/31/2021*	12/31/2020*	12/31/2019*	12/31/2018*	12/31/2017*	12/31/2016*
Actuarially-Determined Contribution	$ 3,967	$ 4,071	$ 4,059	$ 3,800	$ 3,602	$ 3,572	$ 3,550	$ 3,692	$ 4,482	$ 18,492
Contributions in relation to Actuarially-Determined Contribution	3,966	4,072	4,059	3,800	3,602	3,572	3,550	3,693	4,481	18,491
Contribution deficiency/(excess)	$ 1	$ (1)	$ -	$ -	$ -	$ -	$ -	$ (1)	$ 1	$ 1
Covered Payroll	$ 550,950	$ 521,899	$ 507,427	$ 493,503	$ 467,800	$ 469,947	$ 461,001	$ 479,453	$ 521,193	$ 542,290
Contributions as a percentage of Covered Payroll	0.72%	0.78%	0.80%	0.77%	0.77%	0.76%	0.77%	0.77%	0.86%	3.41%

Notes to Schedule:

Actuarial Method and Assumptions Used in the Calculation of the 2025 Contribution Rate *

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial Cost Method: Aggregate Entry Age Normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 18-year closed period

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 2.75%

Price Inflation: 2.25%

Salary Increases: 2.85% to 13.75%, including inflation

Investment Rate of Return: 7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.

Mortality: For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

*Based on Valuation Assumptions used in the December 31, 2023 actuarial valuation; note two year lag between valuation and rate setting.

VILLAGE OF BARRINGTON HILLS, ILLINOIS
POLICE PENSION PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
DECEMBER 31, 2025

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
TOTAL PENSION LIABILITY										
Service Cost	$ 603,332	$ 623,700	$ 605,711	$ 617,033	$ 556,383	$ 515,089	$ 519,325	$ 492,962	$ 485,503	$ 455,871
Interest	1,723,333	1,640,751	1,551,222	1,477,682	1,426,511	1,416,707	1,245,644	1,164,918	1,095,109	1,053,382
Changes in Benefit Terms	-	-	-	(8,560)	-	-	48,902	-	-	-
Differences Between Expected and Actual Experience	(324,435)	399,070	(54,627)	(147,959)	(868,030)	(298,024)	622,493	222,104	27,390	(127,433)
Changes in Assumptions	(846,872)	(880,539)	486,890	(806,694)	681,774	2,301,837	780,385	-	-	(282,786)
Benefit Payments, Including Refunds of Member Contributions	(1,132,940)	(988,089)	(945,594)	(870,295)	(868,145)	(766,214)	(694,572)	(581,500)	(486,535)	(427,630)
Net Change in Total Pension Liability	$ 22,418	$ 794,893	$ 1,643,602	$ 261,207	$ 928,493	$ 3,169,395	$ 2,522,177	$ 1,298,484	$ 1,121,467	$ 671,404
Total Pension Liability - Beginning	28,830,810	28,035,917	26,392,315	26,131,108	25,202,615	22,033,220	19,511,043	18,212,559	17,091,092	16,419,688
Total Pension Liability - Ending	$ 28,853,228	$ 28,830,810	$ 28,035,917	$ 26,392,315	$ 26,131,108	$ 25,202,615	$ 22,033,220	$ 19,511,043	$ 18,212,559	$ 17,091,092
PLAN FIDUCIARY NET POSITION										
Contributions - Employer	$ 1,066,802	$ 1,119,242	$ 1,008,960	$ 914,699	$ 875,900	$ 828,854	$ 811,181	$ 759,206	$ 704,876	$ 671,907
Contributions - Member	185,838	184,377	179,779	174,172	156,437	165,395	165,467	162,084	161,227	159,036
Contributions - Other	107,214	-	153,720	190,473	-	-	-	-	-	370
Net Investment Income	3,058,264	1,484,147	1,712,846	(2,454,680)	1,463,217	1,679,352	1,745,472	(565,370)	864,893	335,609
Benefit Payments, Including Refunds of Member Contributions	(1,132,940)	(988,089)	(945,594)	(870,295)	(868,145)	(766,214)	(694,572)	(581,500)	(486,535)	(427,630)
Administrative Expenses	(25,131)	(29,669)	(26,386)	(31,448)	(29,667)	(34,500)	(23,022)	(38,366)	(50,013)	(37,533)
Prior Period Audit Adjustment	(16,527)	-	106,635	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	$ 3,243,520	$ 1,770,008	$ 2,189,960	$ (2,077,079)	$ 1,597,742	$ 1,872,887	$ 2,004,526	$ (263,946)	$ 1,194,448	$ 701,759
Plan Net Position - Beginning	17,428,174	15,658,166	13,468,206	15,545,285	13,947,543	12,074,656	10,070,130	10,334,076	9,139,628	8,437,869
Plan Net Position - Ending	$ 20,671,694	$ 17,428,174	$ 15,658,166	$ 13,468,206	$ 15,545,285	$ 13,947,543	$ 12,074,656	$ 10,070,130	$ 10,334,076	$ 9,139,628
Village's Net Pension Liability	$ 8,181,534	$ 11,402,636	$ 12,377,751	$ 12,924,109	$ 10,585,823	$ 11,255,072	$ 9,958,564	$ 9,440,913	$ 7,878,483	$ 7,951,464
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.64%	60.45%	55.85%	51.03%	59.49%	55.34%	54.80%	51.61%	56.74%	53.48%
Covered Payroll	$ 1,875,256	$ 1,860,529	$ 1,949,874	$ 1,780,863	$ 1,614,960	$ 1,668,967	$ 1,669,697	$ 1,640,626	$ 1,660,990	$ 1,604,821
Employer's Net Pension Liability as a Percentage of Covered Payroll	436.29%	612.87%	634.80%	725.72%	655.49%	674.37%	596.43%	575.45%	474.32%	495.47%

VILLAGE OF BARRINGTON HILLS, ILLINOIS
POLICE PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTION
LAST TEN FISCAL YEARS

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Actuarially-Determined Contribution	$ 1,125,198	$ 1,085,185	$ 1,006,494	$ 1,066,073	$ 1,013,938	$ 917,285	$ 812,999	$ 757,001	$ 712,077	$ 627,580
Contributions in relation to Actuarially-Determined Contribution	1,066,802	1,119,242	1,008,960	1,021,334	875,900	828,854	811,181	759,206	704,876	671,907
Contribution deficiency/(excess)	$ 58,396	$ (34,057)	$ (2,466)	$ 44,739	$ 138,038	$ 88,431	$ 1,818	$ (2,205)	$ 7,201	$ (44,327)
Covered Payroll	$ 1,875,256	$ 1,860,529	$ 1,949,874	$ 1,780,863	$ 1,614,960	$ 1,668,967	$ 1,669,697	$ 1,640,626	$ 1,660,990	$ 1,604,821
Contributions as a percentage of Covered Payroll	56.9%	60.2%	51.7%	57.4%	54.2%	49.7%	48.6%	46.3%	42.4%	41.9%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2025 Contribution Rate

The Actuarially Determined Contribution shown above or the current year is the Recommended Contribution from the January 1, 2024 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2024 tax levy. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

Actuarial Cost Method: Entry Age Normal (Level % Pay)

Amortization Method: Level percentage of payroll, closed

Amortization Target: 100% Funded Over 17 Years

Asset Valuation Method: 5-year smoothed market value

Inflation (CPI-U): 2.25%

Total Payroll Increases: 3.25%

Individual Pay Increases: 3.75% to 13.17%

Expected Rate of Return on Investments: 6.50%

Mortality: Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

Retirement Rates: 100% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65

Termination Rates: 100% of L&A 2020 Illinois Police Termination Rates

Disability Rates: 100% of L&A 2020 Illinois Police Disability Rates

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Taxes	$ 1,952,000	$ 1,856,968
Fees, Permits and Licenses	203,650	303,771
Charges for Services	113,396	104,900
Fines and Forfeitures	135,000	136,906
Intergovernmental	1,173,200	1,257,688
Interest Income	225,000	284,147
Miscellaneous Revenue	37,500	96,869
Total Revenues	$ 3,839,746	$ 4,041,249
EXPENDITURES		
Current		
General Government	$ 2,196,883	$ 2,246,479
Public Safety	1,747,700	1,567,365
Health Services	8,400	7,456
Capital Outlay	535,300	302,646
Debt Service		
Principal	-	31,483
Total Expenditures	$ 4,488,283	$ 4,155,429
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (648,537)	$ (114,180)
OTHER FINANCING SOURCES/(USES)		
Transfers	$ -	$ (792,410)
Sale of Fixed Assets	12,000	17,545
	$ 12,000	$ (774,865)
NET CHANGE IN FUND BALANCE	$ (636,537)	$ (889,045)
FUND BALANCE - JANUARY 1, 2025		5,682,286
FUND BALANCE - DECEMBER 31, 2025		$ 4,793,241

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - PUBLIC SAFETY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Tax	$ 2,225,000	$ 2,111,457
Special Detail	8,000	7,456
Drug/Gang/DUI Fund	500	-
Grant Revenues	60,000	80,556
Total Revenues	$ 2,293,500	$ 2,199,469
EXPENDITURES		
Public Safety		
Regular Salaries	$ 2,502,397	$ 2,423,885
Overtime	193,000	171,917
Longevity Awards	22,750	23,000
Education Benefits	23,500	4,000
	$ 2,741,647	$ 2,622,802
Drug/Gang/DUI	$ 500	$ -
Total Expenditures	$ 2,742,147	$ 2,622,802
EXCESS OR (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (448,647)	$ (423,333)
OTHER FINANCING SOURCES/(USES)		
Transfers	-	792,410
NET CHANGE IN FUND BALANCE	$ (448,647)	$ 369,077
FUND BALANCE - JANUARY 1, 2025		69,165
FUND BALANCE - DECEMBER 31, 2025		$ 438,242

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - ROADS AND BRIDGES FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts
REVENUES		
Property Taxes	$ 995,000	$ 944,225
Roads and Bridges Taxes	80,000	81,940
Motor Fuel Tax Interest	8,000	7,345
Motor Fuel Tax	179,000	187,817
Total Revenues	$ 1,262,000	$ 1,221,327
EXPENDITURES		
Current		
Roads and Bridges		
Road Maintenance	$ 1,000,000	$ 973,965
Snow Plowing	-	1,637
Mowing	100,000	124,697
Sign Purchase and Installation	25,000	9,588
Drainage Management	65,000	22,222
Engineering Fees	110,000	129,308
Road Patching	20,000	4,248
Motor Fuel Tax	176,000	173,000
Bridge Inspection	10,000	-
	$ 1,506,000	$ 1,438,665
Total Expenditures	$ 1,506,000	$ 1,438,665
NET CHANGE IN FUND BALANCE	$ (244,000)	$ (217,338)
FUND BALANCE - JANUARY 1, 2025		1,519,872
FUND BALANCE - DECEMBER 31, 2025		$ 1,302,534

See Accompanying Independent Auditor's Report

NOTE 1 - BUDGET

Annual budgets are adopted for all Village fund types on a basis consistent with generally accepted accounting principles. All operating departments of the Village submit budget requests to the Village Administrator so that a budget may be prepared. The budget is prepared by fund, function, department, and object, and includes information on the past two years, current year estimated, and requested budgets for the next fiscal year.

The proposed budget is presented to the Board of Trustees for review. The governing body then adopts the annual budget. On the basis of the adopted annual budget, the annual appropriation ordinance is prepared. The Board of Trustees holds public hearings and may add to, subtract from, or change appropriations.

Once the annual appropriation ordinance is enacted the Administrator is authorized to transfer appropriation amounts between departments within any fund, however, any revisions that alter the total appropriated expenditures of any fund must be approved by the governing body. Legally, expenditures may not exceed appropriations at the fund level.

The budget was adopted by the governing body on November 18, 2024, and was not amended for fiscal year 2025. The annual appropriation ordinance was enacted on January 27, 2025, and there were no amendments for fiscal year 2025.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended December 31, 2025, none of the Village’s funds had expenditures exceeding budgeted amounts.

SUPPLEMENTARY INFORMATION

VILLAGE OF BARRINGTON HILLS, ILLINOIS
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts
Revenues		
Taxes		
Property Tax	$ 1,472,000	$ 1,395,144
Utility	480,000	461,824
Total Taxes	$ 1,952,000	$ 1,856,968
Fees, Permits and Licenses		
Building Permits	$ 155,000	$ 240,636
Liquor and Scavenger Licenses	1,500	1,000
Zoning and Petition Fees	2,000	1,200
No Trespassing Signs	150	635
Overweight Permit Fees	25,000	40,300
Towing Fees	20,000	20,000
Total Fees, Permits and Licenses	$ 203,650	$ 303,771
Charges for Services		
Police Accident Reports	$ 1,500	$ 2,261
Franchise Fees	90,000	80,808
Rental Income	3,500	3,462
Lease Income	13,596	13,596
Insurance Reimbursements	4,800	4,773
Total Charges for Services	$ 113,396	$ 104,900
Fines and Forfeitures		
Traffic Fines - Cook County	$ 80,000	$ 77,502
Police "C" Tickets	30,000	45,704
Administrative Adjudication Fines	25,000	13,700
Total Fines and Forfeitures	$ 135,000	$ 136,906
Intergovernmental		
State Income Tax	$ 675,000	$ 741,937
State Cannabis Use Tax	7,200	6,255
Sales and Use Tax	350,000	451,930
Replacement Tax	75,000	53,931
Grant Revenues	66,000	3,635
Total Intergovernmental	$ 1,173,200	$ 1,257,688
Investment Income	$ 225,000	$ 284,147
Miscellaneous Revenue		
Police Training Reimbursements	$ -	$ 5,165
Animal Services Reimbursements	1,000	150
Contributions/Donations	2,500	-
Special Events - Other	28,000	44,154
Other	6,000	47,400
Total Miscellaneous Revenue	$ 37,500	$ 96,869
Total Revenues	$ 3,839,746	$ 4,041,249

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts
General Government		
Administration	$ 624,808	$ 673,600
Building Department	253,750	218,775
Insurance and Risk	882,700	933,664
Legal	335,225	324,015
Municipal Building and Grounds	89,900	81,376
Zoning and Planning Development	10,500	15,049
Total General Government	$ 2,196,883	$ 2,246,479
Public Safety		
Police Department	$ 1,747,700	$ 1,567,365
Health Services	$ 8,400	$ 7,456
Capital Outlay	$ 535,300	$ 302,646
Debt Service		
Principal	$ -	$ 31,483
Total Expenditures	$ 4,488,283	$ 4,155,429

See Accompanying Independent Auditor's Report

VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS WITH UNDERLYING INTERNAL FUNDS
LAST FOUR FISCAL YEARS

	General							
	General Fund	Social Security Fund	Audit Fund	Lighting Fund	Liability Insurance Fund	Unemployment Insurance Fund	IMRF Fund	Total General Fund
Fund Balance, January 1, 2025	$ 5,532,782	$ 15,597	$ 4,571	$ 1,885	$ 5,797	$ 9,571	$ 112,083	$ 5,682,286
Total Revenues	3,713,855	170,814	57,887	3,796	94,897	-	-	4,041,249
Total Expenditures	3,729,026	210,548	66,956	5,930	136,113	2,890	3,966	4,155,429
Net Other Financing Sources/(Uses)	(917,405)	24,137	4,498	249	113,656	-	-	(774,865)
Fund Balance, December 31, 2025	$ 4,600,206	$ -	$ -	$ -	$ 78,237	$ 6,681	$ 108,117	$ 4,793,241
Fund Balance, January 1, 2024	$ 5,357,412	$ 31,376	$ 3,447	$ 2,167	$ 33,845	$ 12,159	$ 116,153	$ 5,556,559
Total Revenues	3,643,339	183,145	62,066	5,087	101,747	509	-	3,995,893
Total Expenditures	3,475,404	198,924	60,942	5,369	129,795	3,097	4,070	3,877,601
Net Other Financing Sources/(Uses)	7,435	-	-	-	-	-	-	7,435
Fund Balance, December 31, 2024	$ 5,532,782	$ 15,597	$ 4,571	$ 1,885	$ 5,797	$ 9,571	$ 112,083	$ 5,682,286
Fund Balance, January 1, 2023	$ 4,578,671	$ 41,512	$ 2,739	$ 2,014	$ 67,798	$ 13,991	$ 116,374	$ 4,823,099
Total Revenues	3,782,384	174,925	54,956	5,151	87,463	486	3,839	4,109,204
Total Expenditures	3,022,618	185,061	54,248	4,998	121,416	2,318	4,060	3,394,719
Net Other Financing Sources/(Uses)	18,975	-	-	-	-	-	-	18,975
Fund Balance, December 31, 2023	$ 5,357,412	$ 31,376	$ 3,447	$ 2,167	$ 33,845	$ 12,159	$ 116,153	$ 5,556,559
Fund Balance, January 1, 2022	$ 3,788,558	$ 30,115	$ 4,034	$ 1,474	$ 68,651	$ 13,196	$ 6,029	$ 3,912,057
Total Revenues	4,195,638	188,228	50,130	5,336	61,453	3,177	-	4,503,962
Total Expenditures	3,241,288	176,831	51,425	4,796	96,867	2,382	3,800	3,577,389
Net Other Financing Sources/(Uses)	(164,237)	-	-	-	34,561	-	114,145	(15,531)
Fund Balance, December 31, 2022	$ 4,578,671	$ 41,512	$ 2,739	$ 2,014	$ 67,798	$ 13,991	$ 116,374	$ 4,823,099

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VILLAGE OF BARRINGTON HILLS, ILLINOIS
SCHEDULE OF CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS WITH UNDERLYING INTERNAL FUNDS
LAST FOUR FISCAL YEARS

	Public Safety			Roads and Bridges			
	Police Protection	Drug/ Gang/DUI	Total Public Safety	Roads and Bridges	Motor Fuel Tax	Total Roads and Bridges	Total All Funds
Fund Balance, January 1, 2025	$ 69,165	$ -	$ 69,165	$ 1,330,121	$ 189,751	$ 1,519,872	$ 7,271,323
Total Revenues	2,199,469	-	2,199,469	1,026,165	195,162	1,221,327	7,462,045
Total Expenditures	2,622,802	-	2,622,802	1,265,665	173,000	1,438,665	8,216,896
Net Other Financing Sources/(Uses)	792,410	-	792,410	-	-	-	17,545
Fund Balance, December 31, 2025	$ 438,242	$ -	$ 438,242	$ 1,090,621	$ 211,913	$ 1,302,534	$ 6,534,017
Fund Balance, January 1, 2024	$ 167,415	$ 21,658	$ 189,073	$ 957,595	$ 378,949	$ 1,336,544	$ 7,082,176
Total Revenues	2,385,312	60	2,385,372	1,091,719	202,697	1,294,416	7,675,681
Total Expenditures	2,483,562	21,718	2,505,280	338,694	772,394	1,111,088	7,493,969
Net Other Financing Sources/(Uses)	-	-	-	(380,499)	380,499	-	7,435
Fund Balance, December 31, 2024	$ 69,165	$ -	$ 69,165	$ 1,330,121	$ 189,751	$ 1,519,872	$ 7,271,323
Fund Balance, January 1, 2023	$ 277,469	$ 28,213	$ 305,682	$ 1,142,314	$ 323,011	$ 1,465,325	$ 6,594,106
Total Revenues	2,186,394	497	2,186,891	1,042,866	195,702	1,238,568	7,534,663
Total Expenditures	2,296,448	7,052	2,303,500	1,227,585	139,764	1,367,349	7,065,568
Net Other Financing Sources/(Uses)	-	-	-	-	-	-	18,975
Fund Balance, December 31, 2023	$ 167,415	$ 21,658	$ 189,073	$ 957,595	$ 378,949	$ 1,336,544	$ 7,082,176
Fund Balance, January 1, 2022	$ 349,367	$ 19,125	$ 368,492	$ 697,126	$ 228,944	$ 926,070	$ 5,206,619
Total Revenues	2,125,019	89	2,125,108	1,089,085	267,042	1,356,127	7,985,197
Total Expenditures	2,196,917	7,263	2,204,180	643,897	172,975	816,872	6,598,441
Net Other Financing Sources/(Uses)	-	16,262	16,262	-	-	-	731
Fund Balance, December 31, 2022	$ 277,469	$ 28,213	$ 305,682	$ 1,142,314	$ 323,011	$ 1,465,325	$ 6,594,106

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